



ARIZONA HEALTH CARE COST CONTAINMENT SYSTEM ADMINISTRATION

DIVISION OF BUSINESS AND FINANCE

SECTION A. CONTRACT AMENDMENT

1. AMENDMENT NUMBER: 8	2. CONTRACT NUMBER: YH00-	3. EFFECTIVE DATE OF AMENDMENT: October 1, 2002	4. PROGRAM: ALTCS/EPD
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5. CONTRACTOR'S NAME AND ADDRESS:

6. PURPOSE OF AMENDMENT: To extend the ALTCS/EPD contract for the period of 10/1/02 – 9/30/03 and incorporate changes to contract requirements.

7. THE CONTRACT REFERENCED ABOVE IS AMENDED AS FOLLOWS:

- A. **EXTENSION OF CONTRACT:** In accordance with Section E, Paragraph 28, Term of Contract and Option to Review, this contract is extended for the period 10/1/02 to 9/30/03.
- B. **CONTRACT RESTATEMENT:** This amendment consists of a complete restatement of your contract.
- C. **CAPITATION RATES:** The Full Long Term Care, Acute Care Only, Ventilator Dependent, both Institutional and HCBS, Prior Period Coverage and HIV/AIDS Supplement capitation rates are attached in Section B. By signing, dating and returning this amendment, the Contractor is agreeing to be bound by the new rates contained herein.

NOTE: Please sign and date both originals and return one original to:

Gary L. Callahan, Contract Management Supervisor
 AHCCCS Contracts and Purchasing
 701 E. Jefferson, MD 5700
 Phoenix, AZ 85034

8. EXCEPT AS PROVIDED FOR HEREIN, ALL TERMS AND CONDITIONS OF THE ORIGINAL CONTRACT REMAIN UNCHANGED AND IN FULL EFFECT.

9. SIGNATURE OF AUTHORIZED REPRESENTATIVE:	10. SIGNATURE OF AHCCCSA CONTRACTING OFFICER:
TYPED NAME:	TYPED NAME: MICHAEL VEIT
TITLE:	TITLE: CONTRACTS & PURCHASING ADMINISTRATOR
DATE:	DATE:

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SECTION B. CAPITATION RATES

The Program Contractor shall provide services as described in this contract. In consideration for these services, the Program Contractor will be paid as shown below for the term of October 1, 2002 through September 30, 2003 (CYE 03) unless otherwise modified by contract amendment.

SAMPLE ONLY

CAPITATION RATES
(per member per month)

County				
Full Long Term Care				
Acute Care Only				
Ventilator Dependent – Institutionalized				
Ventilator Dependent – HCBS				
Prior Period Coverage				
HIV/AIDS				

SECTION C. DEFINITIONS

A.A.C.	Arizona Administrative Code.
ABUSE (OF MEMBER)	Intentional infliction of physical, emotional or mental harm, caused by negligent acts or omissions, unreasonable confinement, sexual abuse or sexual assault as defined by A.R.S. § 46-451.
ABUSE (BY PROVIDER)	Provider practices that are inconsistent with sound fiscal, business or medical practices, and result in an unnecessary cost to the AHCCCS program, or in reimbursement for services that are not medically necessary or that fail to meet professionally recognized standards for health care. It also includes recipient practices that result in unnecessary cost to the AHCCCS program as defined by 42 CFR 455.2.
ADHS	Arizona Department of Health Services, the state agency mandated to serve the public health needs of all Arizona residents.
ADMINISTRATION	The Arizona Health Care Cost Containment System Administration, its agents, employees, and designated representatives, as defined in 9 A.A.C. 22, Article 1.
ANNUAL ENROLLMENT CHOICE (AEC)	The opportunity for a person to change contractors every 12 months, effective their anniversary date.
AGENT	Any person who has been delegated the authority to obligate or act on behalf of another person or entity.
AHCCCS	Arizona Health Care Cost Containment System, which is composed of the Administration, contractors, and other arrangements through which health care services are provided to an eligible person.
AHCCCSA	Arizona Health Care Cost Containment System Administration.
ALTCS	The Arizona Long Term Care System (ALTCS), a program under AHCCCSA that delivers long term, acute, behavioral health care and case management services to eligible members, as authorized by A.R.S. § 36-2932.
AMPM	<i>AHCCCS Medical Policy Manual.</i>
ANNIVERSARY DATE	The month the member is entitled to make an annual enrollment choice. The anniversary date is 12 months from the date enrolled with the Program Contractor and annually thereafter. In some cases, the anniversary date will change based on the last date the member changed Program Contractors or the last date the member was given an opportunity to change.
AT RISK	Refers to the period of time that a member is enrolled with a contractor during which time the Contractor is responsible to provide AHCCCS covered services under capitation.
A.R.S.	Arizona Revised Statutes.
BIDDER'S LIBRARY	A repository of manuals, statutes, rules and other reference material located at the AHCCCS Office in Phoenix.
CAPITATION	Payment to contractor by AHCCCSA of a fixed monthly payment per person in advance for which the contractor provides a full range of covered services as authorized under A.R.S. § 36-2931 and 36-2942.

CATS	Client Assessment and Tracking System, a component of the Administration's data management information system that supports ALTCS and that is designed to provide key information to, and receive key information from the Program Contractor.
CMS (formerly HCFA)	Centers for Medicare and Medicaid Services, an organization within the U.S. Department of Health and Human Services which administers the Medicare, Medicaid and State Children's Health Insurance Program.
CLEAN CLAIM	A claim that may be processed without obtaining additional information from the provider of service or from a third party; but does not include claims under investigation for fraud or abuse or claims under review for medical necessity, as defined by A.R.S. § 36-2904.
CONTINUING OFFEROR	An existing ALTCS Program Contractor serving the GSA that proposals are being solicited for, who submits a response to this solicitation.
CYE	Contract Year Ending, corresponds to federal fiscal year (Oct. 1 through Sept. 30). For example, Contract Year Ending 2002 is 10/1/01 – 9/30/02.
CONVICTED	A judgment of conviction has been entered by a federal, state or local court, regardless of whether an appeal from that judgment is pending.
CO-PAYMENT	A monetary amount specified by the Director that the member pays directly to a contractor or provider at the time covered services are rendered as defined in 9 A.A.C. 22, Article 1.
COST AVOIDANCE	The process of identifying and utilizing all sources of first or third-party benefits before services are rendered by the Program Contractor or before payment is made by the Program Contractor. (This assumes the Program Contractor can avoid costs by not paying until the first or third party has paid what it covers first, or having the first or third party render the service so that the Program Contractor is only liable for coinsurance and/or deductibles.)
COVERED SERVICES	The health and medical services to be delivered by the Program Contractor as defined in 9 A.A.C. 28, Article 2.
CRS	Children's Rehabilitative Services, as defined in 9 A.A.C. 22, Article 1.
DAYS	Calendar days unless otherwise specified as defined in the text, as defined in 9 A.A.C. 22, Article 1.
DES/DDD	Department of Economic Security/Division of Developmental Disabilities,
DIRECTOR	The Director of AHCCCS.
DISCLOSING ENTITY	An AHCCCS provider or a fiscal agent.
DME	Durable medical equipment, is an item or appliance that can withstand repeated use, is designed to serve a medical purpose, and are not generally useful to a person in the absence of a medical condition, illness or injury, as defined in 9 A.A.C. 22, Article 1.
DUAL ELIGIBLE	A member who is eligible for both Medicare and Medicaid.
EMERGENCY MEDICAL CONDITION	A medical condition manifesting itself by acute symptoms of sufficient severity (including severe pain) such that a prudent layperson, who possess an average knowledge of health and medicine, could reasonably expect the absence of immediate medical attention to result in: a) placing the patient's health in serious jeopardy; b) serious impairment to bodily functions; or c) serious dysfunction of any

	bodily organ or part.
EMERGENCY MEDICAL SERVICE	Services provided after the onset of a medical condition manifesting itself by acute symptoms of sufficient severity (including severe pain) that the absence of immediate medical attention could reasonably be expected to result in: a) placing the patient's health in serious jeopardy; b) serious impairment to bodily functions; or c) serious dysfunction of any bodily organ or part, as defined in 9 A.A.C. 22, Article 1.
ENCOUNTER	A record of medical service, submitted by a contractor and processed by AHCCCS, that is rendered by a provider registered with AHCCCS to a member who is enrolled with a contractor on the date of service and for which the contractor incurs any financial liability, as defined in 9 A.A.C. 22, Article 1.
ENROLLMENT	The process by which an eligible person becomes a member of a contractor's plan, as defined in 9 A.A.C. 22, Article 1.
EPD	Elderly and Physically Disabled.
EPSDT	Early and Periodic Screening, Diagnosis and Treatment services for eligible persons or members less than 21 years of age as, defined in 9 A.A.C. 22, Article 1.
EXHIBITS	All items attached as part of the solicitation.
FFS	Fee-For-Service, a method of payment to registered providers on an amount-per-service basis.
FFP	Federal financial participation (FFP) refers to the contribution that the federal government makes to the Title XIX program portion of AHCCCS as defined in 42 CFR 400.203.
FFY	Federal Fiscal Year, October 1 through September 30.
FQHC	Federally Qualified Health Center, an entity which meets the requirements and receives a grant and funding pursuant to Section 330 of the Public Health Service Act. An FQHC includes an outpatient health program or facility operated by a tribe or tribal organization under the Indian Self-Determination Act (PL 93-638) or an urban Indian organization receiving funds under Title V of the Indian Health Care Improvement Act.
FIRST PARTY LIABILITY	The resources available from any insurance or other coverage obtained directly or indirectly by a member or eligible person that provides benefits directly to the member or eligible person and is liable to pay all or part of the expenses for medical services incurred by the Administration, contractor, or member.
FRAUD	An intentional deception or misrepresentation made by a person with the knowledge that the deception could result in some unauthorized benefit to himself or some other person. It includes any act that constitutes fraud under applicable state or federal law, as defined in 42 CFR 455.2.
GSA	Geographic Service Area, an area designated by the Administration within which a contractor of record provides, directly or through subcontract, covered health care service to a member enrolled with that contractor of record, as defined in 9 A.A.C. 28, Article 1.
HCBS	Home and community-based services, as defined in A.R.S. § 36-2931 and 36-2939.
HCFA	Health Care Financing Administration, an organization within the U.S. Department of Health and Human Services, which administers the Medicare, Medicaid and Children's Health Insurance Program. Now known as the Centers for Medicare and

	Medicaid Services (CMS)
HMO	Health Maintenance Organization, various forms of plan organization, including staff and group models, that meet the HMO licensing requirements of the federal and/or state government and offer a full array of health care services to members on a capitated basis.
HOME	A residential dwelling that is owned, rented, leased, or occupied at no cost to the member, including a house, a mobile home, an apartment or other similar shelter. A home is not a facility, a setting or an institution, or a portion and any of these, licensed or certified by a regulatory agency of the state as a: health care institution defined in ARS § 36-401; residential care institution defined in ARS § 36-401; community residential facility defined in ARS § 36-551; or behavioral health service facility as defined in 9 A.A.C. 28, Article 11.
IBNR	Incurred But Not Reported, liabilities for services rendered for which claims have not been received.
IHS	Indian Health Service, authorized as a federal agency pursuant to 25 U.S.C. 1661.
LIEN	A legal claim filed with the County Recorder's office in which a member resides and in the county an injury was sustained for the purpose of ensuring that AHCCCS receives reimbursement for medical services paid. The lien is attached to any settlement the member may receive as a result of an injury.
MANAGED CARE	Systems that integrate the financing and delivery of health care services to covered individuals by means of arrangements with selected providers to furnish comprehensive services to members; establish explicit criteria for the selection of health care providers; have significant financial incentives for members to use providers and procedures associated with the plan; and have formal programs for quality assurance and utilization review.
MANAGEMENT SERVICES SUBCONTRACTOR	A person or organization that agrees to perform any administrative service for the Program Contractor related to securing or fulfilling the Program Contractor's obligations to AHCCCSA under the terms of the contract.
MATERIAL OMISSION	A fact, data or other information excluded from a report, contract, etc. the absence of which could lead to erroneous conclusions following reasonable review of such report, contract, etc.
MEDICAID	A federal/state program authorized by Title XIX of the Social Security Act, as amended.
MEDICARE	A federal program authorized by Title XVIII of the Social Security Act, as amended.
MEMBER	An eligible person who is enrolled in the system, as defined in A.R.S. § 36-2931.
NON-CONTRACTING PROVIDER	A person who provides services as prescribed in A.R.S. § 36-2939 and who does not have a subcontract with an AHCCCS contractor.
OFFEROR	A person or other entity that submits a proposal to the Administration in response to a Request For Proposal, as defined in 9 A.A.C. 22, Article 1.
PAS	Pre-admission screening, is a process of determining an individual's risk of institutionalization at a NF or ICF-MR level of care as specified in 9 A.A.C. 28, Article 1.
PAY AND CHASE	Recovery method used by the Program Contractor to collect from legally liable first or third parties after the Program Contractor pays the member's medical bills. The

service may be provided by a contracted or noncontracted provider. Regardless of who provides the service, pay and chase assumes that the Program Contractor will pay the provider, then seek reimbursement from the first or third party.

PCP	Primary Care Provider/ Practitioner, an individual who meets the requirements of A.R.S. § 36-2901, and who is responsible for the management of the member's or eligible person's health care, as defined in 9 A.A.C. 22, Article 1.
PMMIS	AHCCCSA's Prepaid Medical Management Information System.
PPC	Prior Period Coverage, the period between the member's effective date of eligibility, excluding any prior quarter coverage, and the date of enrollment with a Program Contractor, as defined in 9 A.A.C. 28, Article 1.
PROGRAM CONTRACTOR	A person, organization or entity agreeing through a direct contracting relationship with AHCCCSA to provide the goods and services specified by this contract in conformance with stated contract requirements, AHCCCS statute and rules and federal law and regulations, as defined in A.R.S. § 36-2931.
QISMIC	<i>Quality Improvement System for Managed Care (QISMIC)</i> developed by the Centers for Medicare/Medicaid Services (CMS), formerly Health Care Finance Administration (HCFA), for use in evaluation and management of the quality of care provided by Medicare and Medicaid managed care contractors. QISMIC serves as one of the key elements for the AHCCCS Quality Management and Utilization Management requirements included in this contract.
QMB	Qualified Medicare Beneficiary, an individual who is entitled to Medicare Part A insurance, whose income does not exceed an income level established by the state.
REINSURANCE	A risk-sharing program provided by the Administration to contractors for the reimbursement of certain contract service costs incurred by a member or eligible person beyond a certain monetary threshold, as defined in 9 A.A.C. 22, Article 1.
RELATED PARTY	A party that has, or may have, the ability to control or significantly influence a Program Contractor, or a party that is, or may be, controlled or significantly influenced by a Program Contractor. "Related parties" include, but are not limited to, agents, managing employees, persons with an ownership or controlling interest in the disclosing entity, and their immediate families, subcontractors, wholly-owned subsidiaries or suppliers, parent companies, sister companies, holding companies, and other entities controlled or managed by any such entities or persons.
RFP	Request For Proposals, a document prepared by AHCCCSA that describes the services required and that instructs prospective offerors how to prepare a response (proposal), as defined in 9 A.A.C. 22, Article 1.
ROOM AND BOARD (or ROOM)	The amount paid for food and/or shelter. Medicaid funds can be expended for room and board when a person lives in an institutional setting (e.g. NF, ICF/MR). Medicaid funds cannot be expended for room and board when a member resides in an alternative residential setting (e.g. Assisted Living Home, Behavioral Health Level 2) or an apartment like setting that may provide meals.
SFY	State Fiscal Year, July 1 through June 30.
STATE	The State of Arizona.
STATE PLAN	The written agreement between the State of Arizona and CMS which describes how the AHCCCS program meets CMS requirements for participation in the Medicaid

program.

SUBCONTRACT

An agreement entered into by a contractor with any of the following: a provider of health care services who agrees to furnish covered services to a member; a marketing organization; or with any other organization or person who agrees to perform any administrative function or service for a contractor specifically related to fulfilling the contractor's obligations to the Administration under the terms of this contract, as defined in 9 A.A.C. 22, Article 1.

SUBCONTRACTOR

A person, agency or organization that a Program Contractor has contracted or delegated some of its management functions or responsibilities to provide covered services to its members; or a person, agency or organization that a fiscal agent has entered into a contract, agreement, purchase order or lease (or leases of real property) to obtain space, supplies, equipment or services provided under the AHCCCS agreement.

THIRD PARTY

An individual, entity or program that is or may be liable to pay all or part of the medical cost of injury, disease or disability of an AHCCCS applicant, eligible person or member, as defined in 9 A.A.C. 22, Article 1.

THIRD PARTY LIABILITY

The resources available from an individual, entity program that is or may be, by agreement, circumstance or otherwise, liable to pay all or part of the medical expenses incurred by an applicant, eligible person or member as defined in 9 A.A.C. 22, Article 1.

TITLE XIX

Means Medicaid as defined in 42 U.S.C. 7.19.

TITLE XIX MEMBER

Member eligible for Medicaid under Title XIX of the Social Security Act including those eligible under 1931 provisions of the Social Security Act (previously AFDC), Sixth Omnibus Budget Reconciliation Act (SOBRA), Supplemental Security Income (SSI) or SSI-related groups, Medicare Cost Sharing groups and Title XIX Waiver groups.

VENTILATOR DEPENDENT

For the purposes of ALTCS eligibility, an individual who is medically dependent on a ventilator for life support at least 6 hours per day and has been dependent on ventilator support as an inpatient in a hospital, NF, or ICF-MR for 30 consecutive days, as defined in 9 A.A.C. 28, Article 1.

638 TRIBAL FACILITY

A facility that is operated by an Indian tribe and that is authorized to provide services pursuant to Public Law 93-638, as amended.

[END OF SECTION C]

SECTION D. PROGRAM REQUIREMENTS

1. PURPOSE and APPLICABILITY

The purpose of the contract between AHCCCS and the Program Contractor is to implement the provisions of the State ALTCS program approved under A.R.S. § 36-2932 et seq. relating to the furnishing of covered services and items to each enrolled member. The terms of this contract apply to the Program Contractor, any provider participating in the Program Contractor's provider network, and any provider that furnishes items and services to an enrolled member upon the request or authorization of the Program Contractor.

The provisions of federal and state law, regulation, or rules referred to in this contract apply to the Program Contractor and providers to the same extent as other terms apply to the Program Contractor and providers as noted above. In the event that a provision of federal or state law, regulation, or rule is repealed or modified during the term of this contract, effective on the date the repeal or modification by its own terms takes effect:

- 1) the provisions of this contract shall be deemed to have been amended to incorporate the repeal or modification; and
- 2) the Program Contractor shall comply with the requirements of the contract as amended, unless the AHCCCS Administration and the Program Contractor otherwise stipulate in writing.

2. INTRODUCTION AND BACKGROUND

AHCCCSA's Mission and Vision

The AHCCCS Administration's mission and vision is to reach across Arizona to provide comprehensive quality healthcare to those in need while shaping tomorrow's managed health care from today's experience, quality and innovation. The AHCCCS Administration's ALTCS goal is to continuously improve ALTCS' efficiency and effectiveness and support member choice in the delivery of the highest quality long term care to our customers.

The AHCCCS Administration supports a program that promotes the values of:

- ◆ Choice
- ◆ Dignity
- ◆ Independence
- ◆ Individuality
- ◆ Privacy
- ◆ Self-determination

Arizona Joins Medicaid

In 1982 Arizona introduced its Medicaid program by establishing the Arizona Health Care Cost Containment System (AHCCCS), a demonstration program based on principles of managed care. In 1987, the State passed legislation to add long-term care services to the AHCCCS program by establishing the Arizona Long Term Care System (ALTCS). Before the ALTCS program was introduced, nursing facility care for the elderly and persons with physical disabilities was provided primarily through the state's various county governments while the Arizona Department of Economic Security, in coordination with the Area Agencies on Aging, provided home and community based services and case management.

ALTCS officially began accepting members with developmental disabilities in December 1988; the Department of Economic Security/Division of Developmental Disabilities is, by law, the Program Contractor for this population. The program for the elderly and members with physical disabilities (EPD population) was added January 1, 1989. The ALTCS program administers acute, long term care and behavioral health services and provides case management services in both institutional and home and community based settings.

The ALTCS Program

ALTCS services are provided in the 15 Arizona counties, either directly or indirectly, by Program Contractors under contract with AHCCCS. Program Contractors coordinate, manage and provide acute care, long term care, behavioral health and case management services to ALTCS members.

The ALTCS population has grown from approximately 10,000 in its first full year to 34,960 as of July 2002. Of this population, 62%, 21,527 are members who are elderly and/or members with physical disabilities (EPD population) and, 38%, 13,433 are members with developmental disabilities (DD population). Approximately 2% of the EPD population are members under the age of 21 years of age. Less than 1% of the EPD population are ventilator dependent.

ALTCS Guiding Principles

- ◆ *Member-centered case management*
The member is the primary focus of the ALTCS program. The member, and family/significant others, as appropriate, are active participants in the planning for and the evaluation of services provided to them. Information and education about the ALTCS program, their choices of options and mix of services should be accurate and readily available to them.
- ◆ *Consistency of services*
Services are mutually selected and to assist the member in attaining his/her goals(s) for achieving or maintaining their highest level of self-sufficiency. Service systems are developed to ensure a member can rely on services being provided as agreed to by the member and the Program Contractor.
- ◆ *Accessibility of network*
Access to services is maximized when they are developed to meet the needs of the members. Service provider restrictions, limitations or assignment criteria are clearly identified to the member and family/significant others. Service networks are developed with the Program Contractor's knowledge that a member's needs are not limited to normal business hours.
- ◆ *Most Integrated Setting*
Members are to be maintained in the most integrated setting. To that end, members are afforded choice in remaining in their own home or choosing an alternative residential setting versus entering into an institution.
- ◆ *Collaboration with stakeholders*
The appropriate mix of services will continue to change. Resources should be aligned with identified member needs and preferences. Efforts are made to include members/families, service providers and related community resources, to assess and review the change of the service spectrum. Changes to the service system are planned, implemented and evaluated for continuous improvement.

ALTCS Eligibility

Financial eligibility

Anyone may apply for ALTCS at any of the 16 ALTCS eligibility offices located throughout the state. The applicant must be an Arizona resident, an U.S. citizen or qualified legal immigrant as defined in ARS § 36-2903.03, and have countable income and resources below certain thresholds. Chapter 1600 of the ALTCS Eligibility Policy and Procedures Manual provides a detailed discussion of all eligibility criteria.

Medical eligibility

In addition to financial eligibility, a preadmission screen (PAS) is conducted by an AHCCCS registered nurse or social worker with consultation by a physician, if necessary, to evaluate the person's medical status. The PAS is used to determine whether the person is at risk of placement in a nursing facility or an intermediate care facility for the mentally retarded. In most cases, AHCCCS will not re-evaluate the medical status of each ALTCS member annually. Thus, it is important for Program Contractors to notify the Administration of significant changes in conditions, which could result in a change in eligibility. Also see Paragraph 15, ALTCS Transition Program and Paragraph 18, Reporting Changes in Members' Circumstances.

Additional information may be obtained by visiting the AHCCCS website –www.ahcccs.state.az.us

3. ENROLLMENT AND DISENROLLMENT

AHCCCSA is solely responsible for enrolling and disenrolling ALTCS members and for providing notification of same to the Program Contractor. The effective date of enrollment and disenrollment with the Program Contractor will generally be the day prior to the date the Program Contractor receives notification from AHCCCSA via the daily roster. The Program Contractor may also be responsible for payment of medically necessary covered services during the prior period coverage timeframe. (See below).

Prior Period Coverage - The Program Contractor is liable for costs for covered services except HCBS, provided during the “prior period” leading up to actual enrollment with the Program Contractor. The “prior period” is defined as the period from the eligibility effective date, up to the effective date of enrollment. For detailed discussions on enrollment and prior period coverage, refer to the ALTCS Eligibility Policy and Procedure Manual, Chapter 1600.

Nursing Refund Payments - Effective 11/1/2000, nursing facilities must refund any payment received from a resident or family member (in excess of share of cost), for the period of time from the effective date of Medicaid eligibility.

Disenrollment to Acute Care Program - When a member becomes ineligible for ALTCS but remains eligible for the acute care program, the member needs to choose an acute health plan. In such cases, the Program Contractor shall obtain the member's choice of health plans and submit that choice to AHCCCS. When the reason for termination is due to a voluntary withdrawal obtained by the case manager or the member fails the PAS, obtaining the member's choice of acute care health plans is part of transition planning.

4. OPEN/ANNUAL ENROLLMENT

Open Enrollment

At the time multiple Program Contractors are initially available in a member's geographic service area, all existing members in that geographic service area will be given the opportunity to choose the Program Contractor with whom they will be enrolled. Existing members who do not indicate their desire to change Program Contractors will remain with the Program Contractor they are currently enrolled with at the time multiple Program Contractors become available. If the Program Contractor they are currently enrolled with is not awarded a contract, the process described in the following paragraph, Initial Choice-New Members, will be implemented.

Annual Enrollment Choice

AHCCCSA conducts an Annual Enrollment Choice (AEC) in Geographic Service Areas (GSAs) with multiple Program Contractors for members. During AEC, members may change Program Contractors subject to the availability of other Program Contractors within their Geographic Service Area. Members are mailed an enrollment letter and Program Contractor supplied marketing material and may choose a new Program Contractor by contacting AHCCCSA to complete the enrollment process. If the member does not participate in the AEC, no change of Program Contractor will be made (except for approved changes under the *Change of Program Contractor Policy*) during the new anniversary year. The Program Contractor shall comply with the *Office of Managed Care Member Transition for Annual Enrollment Choice and Other Plan Changes* and the *Office of Managed Care Change of Program Contractor* policies.

5. ENROLLMENT HIERARCHY

Currently this paragraph applies to only those Program Contractors in Maricopa County.

When multiple Program Contractors are available in an ALTCS member's GSA, that member will have the opportunity to choose which Program Contractor they will be enrolled with to receive ALTCS services. The member and/or the member's authorized representative will be provided with informational material from each available Program Contractor to assist them in making a choice. If the member or their authorized representative is unable or unwilling to make a choice, AHCCCS will use a "decision tree" based on the member's current place of residence or their current primary care provider to choose the most appropriate Program Contractor. If using the "decision tree" does not result in a choice of Program Contractors, an enrollment algorithm as described below will be used.

Initial Choice – New Members

ALTCS members residing in a GSA with multiple Program Contractors are permitted to select a Program Contractor of their choice at the time of their initial enrollment into the program. When an ALTCS application is received in an ALTCS eligibility office, marketing materials for enrollment choice will be sent to the applicant's home with an appointment notice for an interview. During the application process, the ALTCS eligibility specialist will assist the applicant or their representative in selecting a Program Contractor by providing them with current provider network information. If the applicant is currently residing in a nursing facility or an alternative residential facility, the eligibility interviewer will identify which Program Contractors include that facility in their network. The eligibility interviewer will also search for the applicant's PCP in the provider network information.

Decision Tree

If the applicant is unable or unwilling to make an enrollment choice and there is no representative without a conflict of interest, AHCCCS will make the enrollment choice for the applicant based on the philosophy that most applicants will want to remain living where they currently do, and if living in a HCBS setting, will want to keep their current PCP. When neither or all Program Contractors contract with the facility, enrollment will then be determined if the applicant's PCP is contracted with any of the Program Contractors. If the PCP is

contracted with only one of the Program Contractors, the applicant will be enrolled with that Program Contractor. When neither or all the Program Contractors contract with the PCP, the applicant's enrollment will be made utilizing an enrollment algorithm (auto-assignment). For more detailed information, refer to the ALTCS Eligibility Policy and Procedure Manual, Chapter 200, Section 213.13.

Auto-Assignment Algorithm

If the applicant does not exercise their enrollment choice and AHCCCS is not able to make an enrollment based on the policy referenced above in the *Initial Choice–New Member* section, an auto-assignment algorithm will be utilized to systematically and randomly select a Program Contractor for the applicant. An enrollment algorithm will be developed to initially favor any new Program Contractor(s), if the existing Program Contractor continues as a Contractor. When the algorithm applies, 40% of these applicants will be enrolled with Lifemark Health Plans. An algorithm that favors Lifemark Health Plans will be utilized until a target membership size is reached by the new Program Contractor(s). It is estimated that the target population will be approximately 1,250 members per new Program Contractor.

Other

If the current existing Program Contractor is not awarded a contract, an algorithm will be developed based on factors related to the Offerors' RFP submission, capitation and other performance factors when available. Some of the factors may include, but are not limited to, capitation rates, RFP scores or rankings, Network Development and Monitoring plans, Case Management plans, and the placement of new members.

After the target membership sizes have been reached, target percentages will be developed based on factors previously noted in this paragraph. AHCCCSA may change the algorithm at anytime during the term of the contract. AHCCCS is not obligated to adjust the algorithm for any financial impact this may have on a Program Contractor.

6. PLAN CHANGES

In Geographic Service Areas where the member has a choice of Program Contractors, the member may change Program Contractors in accordance with the Office of Managed Care *Change of Program Contractor* Policy.

7. COUNTY OF FISCAL RESPONSIBILITY

The Program Contractor continues to be responsible for members who are placed out of the service area in an acute care facility, a nursing facility or an alternative residential living facility. The Program Contractor is not responsible if a member moves to a county outside the Program Contractor's service area to receive home and community based services in their own home. The Program Contractor is responsible for emergency services only until the member is disenrolled with the current Program Contractor and enrolled with the Program Contractor responsible for the geographic service area where the member resides.

If a member is placed out of the current Program Contractor's service area, the current Program Contractor may request a program contractor change by submitting a Program Contractor Change Request Form (DE-621) to the Program Contractor responsible for the member's new county of residence and request that the new Program Contractor agree to accept the member. If the new Program Contractor agrees to accept the member, the DE-621 will be sent to AHCCCSA for processing. If the new Program Contractor does not agree to accept the ALTCS member, the current Program Contractor may request AHCCCSA to review the request. AHCCCSA will make the final decision. The Program Contractor shall cooperate in all transition activities as required in the Office of Managed Care *Change of Program Contractors* Policy.

A Program Contractor Change Request (PCCR) Form is not required when a member moves from the Program Contractor's service area to receive home and community based services in their home outside the current Program Contractor's service area, however, the Program Contractor shall report the change in address to the ALTCS local office within 5 days of becoming aware of the change in address. For more detailed information, refer to 9 A.A.C. 28, Article 7, the ALTCS Eligibility Policy and Procedures Manual, Chapter 1600 and the Office of Managed Care *Change of Program Contractor Policy*.

8. TRANSITION ACTIVITIES

The Program Contractor shall comply with the *AMPM* and the Office of Managed Care *Member Transition for Annual Enrollment Choice and Other Plan Changes* and the Office of Managed Care *Change of Program Contractor* policies standards for member transitions between Program Contractors, to or from an AHCCCSA contractor, upon eligibility termination and upon termination or expiration of a contract. Also, see Paragraph 3, Enrollment and Disenrollment. The Program Contractor shall develop and implement policies and procedures, which comply with AHCCCS medical policy to address transition of all ALTCS members. The Enrollment Transition Information form must be completed for all ALTCS members and transmitted to the receiving Program Contractor. Appropriate medical records and case management files of the transitioning member shall also be transmitted. Special consideration should be given to, but not limited to, the following:

1. Home-based members with significant needs such as enteral feedings, oxygen, wound care, and ventilators;
2. Members who are receiving ongoing services such as behavioral health, dialysis, home health, pharmacy, medical supplies, transportation, chemotherapy and/or radiation therapy or who are hospitalized at the time of transition; and
3. Members who have received prior authorization for services such as scheduled surgeries, or out-of-area specialty services.

The Program Contractor shall designate an executive staff person to act as the Transition Coordinator. This staff person shall interact closely with the AHCCCS Transition staff and staff from other Program Contractors and Acute Health Plans to ensure a safe and orderly transition.

A new Program Contractor who receives members from another Program Contractor as a result of a contract award shall ensure a smooth transition for members by not discontinuing a member's service plan for 30 days after the member transition unless mutually agreed to by the member or responsible party.

When relinquishing members, the Program Contractor is responsible for timely notification to the receiving contractor regarding pertinent information related to any special needs of transitioning members. The Program Contractor, when receiving a transitioning member with special needs, is responsible to coordinate care with the relinquishing contractor so services are not interrupted, and for providing the new member with Program Contractor and service information, emergency numbers and instructions of how to obtain services.

In the event the contract, or any portion thereof, is terminated for any reason, or expires, the Program Contractor shall assist AHCCCSA in the transition of its members to other Program Contractors, and shall abide by standards and protocols set forth above. In addition, AHCCCSA reserves the right to extend the term of the contract on a month-to-month basis to assist in any transition of members. The Program Contractor shall make provisions for continuing all management and administrative services until the transition of all members is completed and all other requirements of this contract are satisfied. The Program Contractor shall submit, upon request, to AHCCCSA for approval a detailed plan for the transition of its members in the

event of contract expiration or termination. The name and title of the Program Contractor's transition coordinator shall be included in the transition plan. The Program Contractor shall be responsible for providing all reports set forth in this contract and necessary for the transition process and shall be responsible for the following:

- a. Notification of subcontractors and members.
- b. Payment of all outstanding obligations for medical care rendered to members.
- c. Until AHCCCSA is satisfied that the Program Contractor has paid all such obligations, the Program Contractor shall provide the following reports to AHCCCSA:
 - 1) A monthly claims aging report by provider/creditor including IBNR amounts;
 - 2) A monthly summary of cash disbursements; and
 - 3) Copies of all bank statements received by the Program Contractor.Such reports shall be due on the fifth day of each succeeding month for the prior month.
- d. In the event of termination or suspension of the contract by AHCCCSA, such termination or suspension shall not affect the obligation of the Contractor to indemnify AHCCCSA for any claim by any third party against the State or AHCCCSA arising from the Program Contractor's performance of this contract and for which the Program Contractor would otherwise be liable under this contract.
- e. Any dispute by the Program Contractor with respect to termination or suspension of this contract by AHCCCSA shall be exclusively governed by the provisions of Section E, Paragraph 31. Disputes.
- f. Any funds advanced to the Program Contractor for coverage of members for periods after the date of termination shall be returned to AHCCCSA within 30 days of termination of the contract.

9. AHCCCS MEDICAL POLICY MANUAL

The *AHCCCS Medical Policy Manual (AMPM)* is hereby incorporated by reference into this contract. The Program Contractor is responsible for complying with the requirements set forth within. The *AMPM* with search capability and linkages to AHCCCS rules, Statutes and other resources is available to all interested parties through the AHCCCS Home Page on the Internet (www.ahcccs.state.az.us). *AMPM* updates will be available through the Internet at the beginning of each month upon adoption by AHCCCSA. If required, the Program Contractor may receive one hard copy of the *AMPM*, free of charge, from AHCCCSA, Office of Medical Management.

10. COVERED SERVICES

The Program Contractor shall, at a minimum, be responsible for providing the following acute, long term, behavioral health and case management services in accordance with the *AHCCCS Medical Policy Manual (AMPM)*, *AHCCCS Behavioral Health Services Guide* and as approved by the AHCCCS Director. The Program Contractor shall ensure that its providers are not restricted or inhibited in any way from communicating freely with members regarding the members' health care, medical needs and treatment options even if a service is not covered by AHCCCS or the Program Contractor.

ACUTE CARE SERVICES

Ambulatory Surgery and Anesthesiology: The Program Contractor shall provide surgical services for either emergency or scheduled surgeries when provided in an ambulatory or outpatient setting such as a free-standing surgical center or a hospital based outpatient surgical setting.

Audiology: The Program Contractor shall provide audiology services to members under age 21 including the identification and evaluation of hearing loss and rehabilitation of the hearing loss through other than medical or surgical means (i.e. hearing aids). Only the identification and evaluation of hearing loss are covered for members 21 years of age and older unless the hearing loss is due to an accident or injury-related emergent condition.

Behavioral Health: The Program Contractor shall provide behavioral health services as described in Section D, Paragraph 12, Behavioral Health Services. Services are described in detail in the *AMPM* and the *AHCCCS Behavioral Health Services Guide* available from AHCCCS, Office of Managed Care, or on the AHCCCS website at, http://ahcccs.state.az.us/publications/behavioralhealth/behaviorhealth_index.asp.

Children's Rehabilitative Services (CRS): The program for children with CRS-covered conditions is administered by the Arizona Department of Health Services (ADHS) for children who meet CRS eligibility criteria. The Program Contractor shall refer children to the CRS program who are potentially eligible for services related to CRS covered conditions, as specified in 9 A.A.C. 28, Article 2 and A.R.S. § 36, Chapter 2, Article 3. Eligibility criteria and the referral process are described in the CRS Policy and Procedures Manual available in the Bidder's Library. Also see Section D, Paragraph 13. Children's Rehabilitative Services.

Chiropractic Services: The Program Contractor shall provide chiropractic services to Title XIX members under age 21, when prescribed by the member's PCP and approved by the Program Contractor in order to ameliorate the member's medical condition. Medicare approved chiropractic services shall be covered, subject to limitations specified in 42 CFR 410.22, for qualified Medicare beneficiaries, regardless of age, if prescribed by the member's PCP and approved by the Program Contractor.

Dental: The Program Contractor shall ensure that members under age 21 have direct access to dental providers. Members may also be referred by their PCPs. Members over age three and under 21 shall be screened annually by a dentist who will perform an evaluation and report findings and treatment to the member's PCP or the Program Contractor. Members under age three shall be screened by their PCP and referred to a dentist when medically necessary. For members who are 21 years of age and older, the Program Contractor shall provide emergency dental care, medically necessary dentures and dental services for transplantation services as specified in the *AMPM*. Dental standards may be found in the *AMPM*, Section 310.

Dialysis: The Program Contractor shall provide medically necessary dialysis, supplies, diagnostic testing and medication for all members when provided by Medicare-certified hospitals or Medicare-certified end stage renal disease (ESRD) providers. Services may be provided on an outpatient basis or on an inpatient basis if the hospital admission is not solely to provide chronic dialysis services.

Early and Periodic Screening, Diagnosis and Treatment (EPSDT): The Program Contractor shall provide comprehensive health care services through primary prevention, early intervention, diagnosis and medically necessary treatment to correct or ameliorate defects and physical or mental illness discovered by the screenings for members under age 21. The Program Contractor shall ensure that these members receive required health screenings, including developmental/behavioral health screenings, in compliance with the AHCCCS periodicity schedule (Exhibit 430-1 in the *AMPM*) and submit to AHCCCSA, Office of Medical Management, all EPSDT reports as required by AHCCCS medical policy. The Program Contractor is required to meet specific participation/utilization rates for EPSDT members; these are described in the *AMPM*.

Emergency services: The Program Contractor shall have and/or provide the following as a minimum:
a. Emergency services facilities adequately staffed by qualified medical professionals to provide pre-hospital, emergency care on a 24-hour-a-day, 7-day-a-week basis, for an emergency medical condition as defined by

AHCCCS Rule 9 A.A.C. 22, Article 1. Emergency medical services are covered without prior authorization. The Program Contractor is encouraged to contract with emergency service facilities for the provision of emergency services. The Program Contractor is encouraged to contract with or employ the services of non-emergency facilities (e.g. urgent care centers) to address member non-emergency care issues occurring after regular office hours or on weekends. The Program Contractor shall be responsible for educating members and providers regarding appropriate utilization of emergency room services, including behavioral health emergencies. The Program Contractor shall monitor emergency services utilization (by both provider and member) and shall have guidelines for implementing corrective action for inappropriate utilization. For utilization review, the test for appropriateness of the request for emergency services shall be whether a prudent layperson, similarly situated, would have requested such services. For the purposes of this contract, a prudent layperson is a person who possesses an average knowledge of health and medicine.

- b. All medical services necessary to rule out an emergency condition
- c. Emergency transportation
- d. Member access by telephone to a physician, registered nurse, physician assistant or nurse practitioner for advice in emergent or urgent situations, 24 hours per day, 7 days per week.
- e. Compliance with established federal guidelines in respect to coordination of post-stabilization care.

Eye Examinations/ Optometry: The Program Contractor shall provide all medically necessary emergency eye care, vision examinations, prescriptive lenses, and treatments for conditions of the eye for all members under the age of 21. For members who are 21 years of age and older, the Program Contractor shall provide emergency care for eye conditions which meet the definition of an emergency medical condition, cataract removal, and/or medically necessary vision examinations and prescriptive lenses if required following cataract removal and other eye conditions as specified in the *AMPM*.

Family Planning: The Program Contractor shall provide Family Planning services in accordance with the *AMPM*, Section 420, to members who choose to delay or prevent pregnancy. The Program Contractor is responsible for annually notifying members of reproductive age (12-55 years) of the availability of Family Planning services. If the Program Contractor does not provide family planning services, it must contract for these services through another health care delivery system which allows members adequate freedom of choice in selecting a provider.

Health Risk Assessment and Screening: The Program Contractor shall provide these services for non-hospitalized members 21 years of age and older. These services include, but are not limited to, screening for hypertension, elevated cholesterol, colon cancer, sexually-transmitted diseases, tuberculosis and HIV/AIDS; nutritional assessment in cases when the member has a chronic, debilitating condition affected by nutritional needs; mammographies and prostate screenings; physical examinations and diagnostic work-ups; and immunizations. Required assessment and screening services for members under age 21 are included in the AHCCCS EPSDT periodicity schedule.

Hospital: Inpatient services include semi-private accommodations for routine care, intensive and coronary care, surgical care, obstetrics and newborn nurseries, and behavioral health. If the member's medical condition requires isolation, private inpatient accommodations are covered. Nursing services, dietary services and ancillary services such as laboratory, radiology, pharmaceuticals, medical supplies, blood and blood derivatives, etc. are also covered. Outpatient services include any of the above services which may be provided on an outpatient or ambulatory basis (i.e. laboratory, radiology, therapies, ambulatory surgery, etc.). Observation services may be provided on an outpatient basis for up to 24 hours if determined reasonable and necessary to decide whether the member should be admitted for inpatient care. Observation services include the use of a bed and periodic monitoring by hospital nursing staff and/or other staff to evaluate, stabilize or treat medical conditions of a significant degree of instability and/or disability.

Immunizations: The Program Contractor shall provide immunizations for adults (21 years of age and older) to include diphtheria-tetanus, influenza, pneumococcus, rubella, measles and hepatitis-B. EPSDT immunization requirements include diphtheria, tetanus, pertussis vaccine (DPT), oral/inactivated polio vaccine (OPV/IPV), measles, mumps, rubella vaccine (MMR), H. influenza, type B (HIB), hepatitis B (Hep B), and varicella vaccine.

Indian Health Service (IHS): The Program Contractor may choose to subcontract with and pay an IHS or 638 tribal facility as part of their provider network for covered services provided to members. AHCCCSA will reimburse claims for acute care services provided to Title XIX members who receive medically necessary services through IHS or a 638 tribal facility.

Laboratory: Laboratory services for diagnostic, screening and monitoring purposes are covered when ordered by the member's PCP, other attending physician or dentist, and provided by a CLIA (Clinical Laboratory Improvement Act) approved free standing laboratory or hospital laboratory, clinic, physician office or other health care facility laboratory.

Upon written request, a Program Contractor may obtain laboratory test data on members from a laboratory or hospital based laboratory subject to the requirements specified in ARS § 36-2903 R. The data shall be used exclusively for quality improvement activities and health care outcome studies required and/or approved by the Administration.

Maternity: The Program Contractor shall provide pre-conception counseling, pregnancy identification, prenatal care, treatment of pregnancy related conditions, labor and delivery services, and postpartum care for members. Services may be provided by physicians, physician assistants or nurse practitioners certified in midwifery. Members may select or be assigned to a PCP specializing in obstetrics. Members anticipated to have a low-risk delivery may elect to receive labor and delivery services in their home from their maternity provider if this setting is included in allowable settings for the Program Contractor, and the Program Contractor has providers in its network that offer home labor and delivery services. Members anticipated to have a low-risk prenatal course and delivery may elect to receive maternity services of prenatal care, labor and delivery and postpartum care provided by licensed midwives if they are in the Program Contractor's provider network. All licensed midwife labor and delivery services must be provided in the member's home since licensed midwives do not have admitting privileges in hospitals or AHCCCS registered free-standing birthing centers. Members receiving maternity services from a licensed midwife must also be assigned to a PCP for other health care and medical services.

The Program Contractor shall allow women and their newborns to receive up to 48 hours of inpatient hospital care after a routine vaginal delivery and up to 96 hours of inpatient care after a cesarean delivery. The attending health care provider, in consultation with the mother, may discharge the mother or newborn prior to the minimum length of stay. A newborn may be granted an extended stay in the hospital of birth when the mother's continued stay in the hospital is beyond the 48 or 96-hour stay.

The Program Contractor shall inform all assigned AHCCCS pregnant women of voluntary HIV testing and the availability of medical counseling if the test is positive. The Program Contractor shall provide information in the member handbook to encourage pregnant women to be tested and instructions on where to be tested. Semi-annually, the Program Contractor shall report to AHCCCS, Office of Medical Management, the number of pregnant women who have been identified as HIV/AIDS positive. This report is due no later than 30 days after the end of the second and fourth quarters of the contract year.

Medically-Necessary Pregnancy Termination: AHCCCS covers pregnancy termination when it is the result of rape or incest, or in circumstances where the member suffers from a physical disorder, physical injury, or

physical illness, including a life endangering physical condition caused by or arising from the pregnancy itself, that would, as certified by a physician, place the member in danger of death unless the pregnancy is terminated. In addition, providers must submit to the Program Contractor a Certificate of Medical Necessity for Pregnancy Termination. Prior authorization is required. If the procedure is performed on an emergency basis, documentation must be submitted to the Program Contractor within two (2) working days of the date on which the pregnancy termination procedure was performed. Additional documentation, outlined in the *AMPM*, is required for a member under 18 years of age or a member who is considered an incapacitated adult who seeks a medically necessary pregnancy termination, as defined above.

Medical Foods: Medical foods are covered within the limitations defined in the *AMPM* for members diagnosed with a metabolic condition included under the ADHS Newborn Screening Program and specified in the *AMPM*. The medical foods, including metabolic formula and modified low protein foods, must be prescribed or ordered under the supervision of a physician.

Medical Supplies, Durable Medical Equipment (DME), Orthotic and Prosthetic Devices: These services are covered when prescribed by the member's FCP, attending physician or practitioner, or by a dentist. Medical equipment may be rented or purchased only if other sources are not available which provide the items at no cost. The total cost of the rental must not exceed the purchase price of the item. Reasonable repairs or adjustments of purchased equipment are covered to make the equipment serviceable and/or when the repair cost is less than renting or purchasing another unit.

Nutrition: Nutritional assessments are conducted as a part of the EPSDT screenings for members under age 21, and to assist ALTCS members 21 years of age and older whose health status may improve with nutrition intervention. Assessment of nutritional status on an inter-periodic basis may be provided as determined necessary, and as a part of the health risk assessment and screening services provided by the member's PCP. Assessments may also be provided by a registered dietitian when ordered by the member's PCP. ALTCS covers nutritional therapy on an enteral, parenteral or oral basis, when determined medically necessary to provide either complete daily dietary requirements, or to supplement a member's daily nutritional and caloric intake and AHCCCS criteria specified in the *AMPM* are met.

Physician: The Program Contractor shall provide physician services to include medical assessment, treatments and surgical services provided by licensed allopathic or osteopathic physicians.

Podiatry: The Program Contractor shall provide podiatry services to include bunionectomies, casting for the purpose of constructing or accommodating orthotics, medically necessary orthopedic shoes that are an integral part of a brace, and medically necessary routine foot care for patients with a severe systemic disease which prohibits care by a nonprofessional person.

Prescription Medications: Medications ordered by a PCP, attending physician or dentist and dispensed under the direction of a licensed pharmacist are covered subject to limitations related to prescription supply amounts, Program Contractor formularies and prior authorization requirements, as well as restrictions for immunosuppressant drugs addressed in AHCCCS medical policies for transplantations. Over the counter (OTC) medication may be prescribed when it is determined to be a lower-cost alternative to a prescription medication.

Primary Care Provider (PCP): PCP services are covered when provided by a physician, physician assistant or nurse practitioner selected by, or assigned to, the member. The PCP provides primary health care and serves as a gatekeeper and coordinator in referring the member for specialty medical services and behavioral health. The PCP is responsible for maintaining the member's primary medical record which contains

documentation of all health risk assessments and health care services, of which they are aware, whether or not they were provided by the PCP.

Radiology and Medical Imaging: These services are covered when ordered by the member's PCP, attending physician or dentist and are provided for diagnosis, prevention, treatment or assessment of a medical condition. Services are generally provided in hospitals, clinics, physician offices and other health care facilities.

Rehabilitation Therapy: The Program Contractor shall provide occupational, physical and speech therapies. Therapies must be prescribed by the member's PCP or attending physician for an acute condition and the member must have the potential for improvement due to the rehabilitation.

Respiratory Therapy: This therapy is covered on an inpatient or outpatient basis when prescribed by the member's PCP or attending physician and is necessary to restore, maintain or improve respiratory functioning.

Transplantation of Organs and Tissue, and Related Immunosuppressant Drugs: These services are covered within limitations defined in the *AMPM*, for members diagnosed with specified medical conditions. Such limitations include whether the stage of the disease is such that the transplant can affect the outcome; the member has no other conditions which substantially reduce the potential for successful transplantation; and whether the member will be able to comply with necessary and required regimens of treatment. Bone grafts are also covered under this service. Services include: pre-transplant inpatient or outpatient evaluation; donor search; organ/tissue harvesting or procurement; preparation and transplantation services; and convalescent care. In addition, if a member receives a transplant covered by a source other than AHCCCS, medically necessary non-experimental services are provided within limitations after the discharge from the acute care hospitalization for the transplantation. AHCCCS has contracted with transplantation providers for the Program Contractor's use or the Program Contractor may select its own transplantation provider.

Transportation: These services include emergency and non-emergency medically necessary transportation. Emergency transportation, including transportation initiated by an emergency response system such as 911, may be provided by ground, air or water ambulance to manage an AHCCCS member's emergency medical condition at an emergency scene and transport the member to the nearest appropriate medical facility. Non-emergency transportation shall be provided for members who are unable to provide their own transportation for medically necessary services.

Triage/ Screening and Evaluation: These are covered services when provided by acute care hospitals, IHS facilities and urgent care centers to determine whether or not an emergency exists, assess the severity of the member's medical condition and determine services necessary to alleviate or stabilize the emergent condition. Triage/screening services must be reasonable, cost effective and meet the criteria for severity of illness and intensity of service.

LONG TERM CARE SERVICES

A more detailed description of services can be found in 9 A.A.C. 28,-Article 2, and Section 1200 of the *AMPM*.

Adult Day Health Care: A program that provides planned care and supervision, recreation and socialization, personal living skills training, group meals, health monitoring and various preventive, therapeutic and restorative health care services.

Attendant Care: A service provided by a trained attendant for members who reside in their own homes and which may include homemaker services, personal care, coordination of services, general supervision and assistance, companionship, socialization and skills development.

Behavior Management Services: A service that assists the member in carrying out daily living tasks and other activities essential for living in the community.

Emergency Alert System: A service that provides monitoring devices/systems for members who are unable to access assistance in an emergency and/or live alone.

Group Respite: This service is similar to Adult Day Health and is provided as a substitute when Adult Day Health services are not available.

Habilitation: A service encompassing the provision of training in independent living skills or special developmental skills; sensory-motor development; orientation and mobility and behavior intervention. Physical, occupational or speech therapies may be provided as a part of or in conjunction with other habilitation services.

Home Delivered Meals: A service that provides a nutritious meal containing at least one-third of the federal recommended daily allowance for the member, delivered to the member's own home.

Home Health Service: Part-time or intermittent care for members who do not require hospital care; this service is provided under the direction of a physician to prevent re-hospitalization or institutionalization and may include skilled nursing, therapies, supplies and home health aide services.

Homemaker: Assistance in the performance of routine household activities such as shopping, cooking, running errands, etc.

Home Modifications: A service that provides building specifications or items which allow members to function as independently as possible in their own homes.

Hospice: A program that provides care to terminally ill patients who have six months or less to live. A participating Hospice must meet Medicare requirements and have a written provider contract with the Program Contractor. Program Contractors are required to pay nursing facilities 100% of the class specific contracted rate when a member elects the hospice benefit.

Partial Care: Partial care services provide structured, coordinated programs designed to provide therapeutic activities that promote coping, problem solving and socialization.

Personal Care: A service that provides assistance with personal physical needs such as washing hair, bathing and dressing.

Private Duty Nursing: Nursing services for ALTCS members who require more individual and continuous care than is available from a nurse providing intermittent care. These services are available to all ALTCS members and are provided by a registered nurse or licensed practical nurse under the direction of the ALTCS

member's primary care provider or physician of record. Program Contractors who employ independent nurses to provide private duty nursing must develop oversight activities to monitor service delivery and quality of care.

Respite Care: A service that provides short-term care and supervision to relieve primary caregivers. It is available for up to 24-hours per day and is limited to 720 hours per year.

Transition Assistance: A service that covers limited reasonable costs of transition to assist members living in nursing facilities to return to the community. The members must be returning to their own home or apartment or family's residence. The Centers for Medicare and Medicaid Services (CMS) defines reasonable costs as "necessary expenses in the judgement of the State for the individual to establish his or her basic living arrangement." (DRAFT)

LONG TERM CARE - INSTITUTIONAL SETTINGS

Behavioral Health Level I A behavioral health service facility licensed by ADHS, as defined in 9 A.A.C. 20, to provide a structured treatment setting with 24-hour supervision, on-site medical services and an intensive behavioral health treatment program. These facilities are the highest level of inpatient behavioral health services (other than psychiatric hospitalization). Some Level I facilities are IMDs.

Institution for Mental Disease (IMD): A Medicare certified hospital, special hospital for psychiatric care, behavioral health facility or nursing care institution which has more than 16 treatment beds and provides diagnosis, care and specialized treatment services for mental illness or substance abuse for more than 50% of the patients is considered an Institution for Mental Diseases. ADHS, Office of Behavioral Health Licensure licensed Level I facilities with more than 16 beds are considered IMDs. Reimbursement for services provided in an IMD to Title XIX persons age 21 through 64 years is limited to 30 days per inpatient admission, not to exceed a total of 60 days per contract year. For Title XIX members under age 21 and 65 years of age or over, there is no benefit limitation. A Title XIX member 21 - 64 will lose eligibility for covered services if an IMD stay extends beyond 30 days per admission or 60 cumulative days per year (July 1 through June 30). A Title XIX member who is receiving services in an IMD who turns 21 may continue to receive services until the point in time in which services are no longer required or the member turns age 22, whichever comes first. AHCCCS provider types B6 and 71 are IMDs.

Inpatient Psychiatric Residential (Available to Title XIX members under 21 years of age): Services must be provided under the direction of a physician and include active treatment implemented as a result of the service plan developed. The service plan must include an integrated program of therapies, activities, and experiences designed to meet the treatment objectives for the member. A Title XIX member who is receiving services in an inpatient psychiatric facility considered to be an IMD who turns age 21, may continue to receive services until the point in time in which services are no longer required or the member turns age 22, whichever comes first.

Nursing facility, including Religious Nonmedical Health Care Institutions: The Program Contractor shall provide nursing facility services for members. The nursing facility must be licensed and Medicare/Medicaid certified by the Arizona Department of Health Services in accordance with 42 CFR 483 to provide inpatient room, board and nursing services to members who require these services on a continuous basis but who do not require hospital care or direct daily care from a physician. (Religious Nonmedical Health Care Institutions are exempt from state licensing requirements).

LONG TERM CARE - HCBS ALTERNATIVE RESIDENTIAL SETTINGS

Under the Home and Community Based Services program, members may receive certain services while they are living in their own homes. (See Section C for a definition of “home”) In addition, there are other alternative residential settings available for members. Members residing in these settings are responsible for the room and board payment. Alternative residential settings include the following:

Adult Developmental Home: An alternative residential setting for adults (18 or older) with developmental disabilities which is licensed by DES to provide room, board, supervision and coordination of habilitation and treatment for up to three residents.

Adult Therapeutic Foster Home: An agency that provides behavioral health services and ancillary services to at least one and no more than three adults as defined in 9 A.A.C. 20, Articles 1 and 15.

Alzheimer’s Treatment Assistive Living Facilities: An ALTCS approved alternative setting as provided for by Laws 1999, Ch. 313, §§ 35 (Assistive Living Facilities Demonstration Pilot Project), Alzheimer’s Treatment Assistive Living Facilities are approved as a demonstration pilot effective October 1, 1999 through September 30, 2002. The pilot is extended by laws 2001, Ch. 140, §§ 35 to January 15, 2005.

Assisted Living Facilities: Residential care institutions that provide supervisory care services, personal care services or directed care services on a continuing basis. All ALTCS approved residential settings in this category are required to meet ADHS licensing criteria. Of these facilities, ALTCS has approved three as covered settings.

a. Adult Foster Care: An ALTCS HCBS approved alternative residential setting, as defined in 9 A.A.C. 28, Article 1, that provides supervision and coordination of necessary services within a family type environment for up to four adult residents.

b. Assisted Living Home: An ALTCS approved alternative residential setting, defined in 9 A.A.C. 28, Article 1, that provides supervision and coordination of necessary services to ten or fewer residents. Facilities formerly known as Adult Care Homes are included in this setting.

c. Assisted Living Centers, Units Only: An ALTCS approved alternative residential setting, as defined in 9 A.A.C. 28, Article 1, that provides supervision and coordination of necessary services. The “unit” is a private apartment, unless otherwise requested by a resident, that includes a living and sleeping space, kitchen area, private bathroom and storage area. Assisted Living Centers are inclusive of the setting formerly known as Supportive Residential Living Centers.

Behavioral Health Level II: A behavioral health service agency licensed by ADHS, as defined in 9 A.A.C. 20, to provide a structured residential setting with 24-hour supervision and counseling or other therapeutic activities for individuals who do not require the intensity of treatment services or on-site medical services found in a Level I behavioral health facility.

Behavioral Health Level III: A behavioral health service agency licensed by ADHS to provide a residential setting with 24-hour supervision and supportive protective oversight, behavior management or psycho-social rehabilitation and assure that members receive required medications, obtain needed treatment and have transportation to outside treatment agencies if necessary. Life skills training, social and recreational activities may be provided directly or by referral to outside treatment agencies.

Child Developmental Foster Home: An alternative residential setting for children with developmental disabilities which is licensed by DES to provide room, board, supervision and coordination of habilitation and treatment for up to three residents

Group Home for Developmentally Disabled: A community residential facility for up to six residents that provides room, board, personal care, supervision and habilitation. The DD Group Home provides a safe, homelike, family atmosphere which meets the physical and emotional needs for DD members who cannot physically or functionally live independently in the community. ALTCS covers services except for room and board.

Rural Substance Abuse Transitional Agency: An agency that provides behavioral health services as defined in 9 A.A.C. 20, Article 14.

Traumatic Brain Injury Treatment Facility: An ALTCS HCBS approved alternative residential setting which is licensed by the ADHS as an Unclassified Health Care Facility and whose purpose is to provide services for the treatment of people with traumatic brain injuries.

Other services and settings, if approved by CMS and/or the Director of AHCCCSA, may be added as appropriate. Exclusions and limitations of ALTCS covered services are discussed in AHCCCS and ALTCS Rules and the *AMPM*.

11. THERAPEUTIC LEAVE AND BED HOLD

For therapeutic leave and bed hold policies, refer to the *AMPM*, Chapter 100.

12. BEHAVIORAL HEALTH

The Program Contractor shall provide medically necessary Title XIX (Medicaid) behavioral health services to all members in accordance with AHCCCS policies and 9 A.A.C. 28, Article 11. Covered services include:

- a. Behavior Management (behavioral health personal assistance, family support, peer support)
- b. Behavioral Health Case Management Services (limited)
- c. Emergency Behavioral Health Services
- d. Emergency and Non-Emergency Transportation
- e. Evaluation and diagnosis
- f. Individual, Group and Family Therapy and Counseling
- g. Inpatient Hospital
- h. Inpatient Psychiatric Facilities (Level I residential treatment centers and sub-acute facilities)
- i. Laboratory and Radiology Services for Psychotropic Medication Regulation and Diagnosis
- j. Partial Care (Supervised day program, therapeutic day program and medical day program)
- k. Psychological Rehabilitation (living skills training; health promotion; pre-job training, education and development; job coaching and employment support)
- l. Psychotropic Medication
- m. Psychotropic Medication Adjustment and Monitoring
- n. Respite Care (with limitations)
- o. Therapeutic Foster Care Services

The Program Contractor shall develop, monitor and continually evaluate its processes for timely referral, evaluation and treatment planning for behavioral health services. The Program Contractor is responsible for training case managers and providers to identify and screen for members' behavioral health needs. At a minimum, training shall include information regarding covered behavioral health services and how to access them and information regarding initial and quarterly behavioral health consultation requirements. Training for case managers and providers may be provided through employee orientation, clinical in-services and/or information sharing via newsletters, brochures, etc. Training must be provided in sufficient frequency to ensure that case managers and providers appropriately identify and refer members with behavioral health needs. The Program Contractor shall maintain documentation of the behavioral health trainings in a central file. Requests for behavioral health services made by the family, guardian, or the member shall be assessed by the Contractor for appropriateness within three working days of the request. If it is determined that services are needed, a referral for evaluation shall be made within one working day. Direct referral for behavioral health evaluation may be made by any health care professional in coordination with the case manager and PCP assigned to the member. Psychiatrists, psychologists, physician assistants, certified psychiatric nurse practitioners, certified independent social workers, certified professional counselors and certified marriage and family therapists may bill independently. Other behavioral health professionals, must be employed by or contracted with and bill through an AHCCCS registered behavioral health provider.

The Program Contractor shall ensure that PCPs screen for behavioral health needs at each EPSDT visit, and when appropriate, initiate a behavioral health referral. The Program Contractor shall develop a tracking mechanism to ensure that a referral is made when a behavioral health need is identified and that when the PCP has initiated a behavioral health referral that the member receives appropriate medically necessary behavioral health services.

There shall be procedures in place for ensuring that members' behavioral health services are appropriately provided, are documented in the member's record and are tracked by the case manager. The Program Contractor shall also have procedures in place for ensuring communication occurs between the case manager, the PCP and behavioral health providers and that care is coordinated with other agencies and involved parties. Quality management for behavioral health services must be included in the Program Contractor's Quality Management Plan and shall meet the quality management requirements of AHCCCSA as specified in the *AMPM*, Chapter 900.

For more information, refer to the AHCCCS *Behavioral Health Services Guide* that is available from the Office of Managed Care, Behavioral Health Unit or on the AHCCCS website at, http://ahcccs.state.az.us/publications/behavioralhealth/behaviorhealth_index.asp.

13. CHILDREN'S REHABILITATIVE SERVICES

The Program Contractor shall refer children to the CRS program who are potentially eligible for services related to CRS covered conditions (Eligibility criteria and the referral process are described in the *CRS Policy and Procedures Manual* available in the Bidder's Library). The Program Contractor shall monitor referrals to CRS to ensure CRS covered services are provided in a timely manner to eligible members. Referral to CRS does not relieve the Program Contractor of the responsibility for providing primary medical care and emergency services not covered by CRS to CRS eligible members. The Program Contractor is also responsible for initial care of newborn members, who are eligible for CRS. The Program Contractor must require the member's Primary Care Provider (PCP) to coordinate their care with the CRS program. All services provided must be included in the member's medical record maintained by the PCP.

The Program Contractor is not responsible for payment of those CRS covered services for which a CRS eligible member refuses to utilize CRS. A member with private insurance is not required to utilize CRS. If the member uses their private insurance network for a CRS covered condition, and the member is not enrolled with CRS, the Program Contractor is responsible for all applicable deductibles and copays.

The Program Contractor remains ultimately responsible for the provision of all covered services to its members. Therefore, if the Program Contractor becomes aware that CRS has failed to meet the established appointment standards or has failed to provide medically necessary CRS covered services, the Program Contractor shall immediately notify AHCCCSA, Office of Managed Care, of the occurrence. In accordance with AHCCCS policy, the Program Contractor may seek reimbursement from CRS for providing CRS covered services.

14. OUT-OF-STATE PLACEMENT AND MEDICAL SERVICES

The Program Contractor shall obtain prior written approval from AHCCCSA Office of Medical Management and Division of Member Services before placing a member outside the state, and notify AHCCCSA once placement has been completed. ALTCS members placed out of state through this process are eligible for all services.

ALTCS members who are temporarily absent from Arizona without authorization from the Program Contractor and the AHCCCS Administration are eligible for acute emergency services only. Temporary absence without appropriate approvals can impact a member's eligibility for ALTCS. The Program Contractor shall report all absences from the state to the ALTCS eligibility office for a determination of continued eligibility as specified in the ALTCS Eligibility Policy and Procedures Manual.

15. ALTCS TRANSITIONAL PROGRAM

The ALTCS Transitional Program is available for members (both institutional and HCBS) who, at the time of medical reassessment, have improved either medically, functionally or both to the extent that they no longer need institutional care, but who still need significant long term care services. For those members who are living in a medical institution when determined eligible for the ALTCS Transitional program, the Program Contractor shall arrange for home and community based placement as soon as possible, but not later than 90 days after the effective date of eligibility for the ALTCS Transitional Program.

ALTCS Transitional members are entitled to all ALTCS covered services except for institutional custodial care. When institutional custodial care is determined to be medically necessary, the period of institutionalization may not exceed 90 days. If institutional care is expected to exceed 90 days, the Program Contractor shall request a medical eligibility reassessment (PAS) at least 30 days prior to the 90th day. ALTCS Transitional members determined by the PAS to be at risk of institutionalization will be transferred from the ALTCS Transitional Program to the regular ALTCS program effective the PAS reassessment disposition date.

EPD Transitional members living in an institution are considered to be in an institutional placement until they are in an HCBS placement or until they have had up to 90 consecutive days in an institutional setting. For ALTCS Transitional members who remain institutionalized after the 90 day period, member months will be considered as HCBS member months for compensation from AHCCCS. See Section D, Paragraph 56. Compensation, for a discussion of the compensation process. Program Contractor compliance with this

program will be monitored through the AHCCCS Office of Managed Care and the Office of Medical Management.

16. CASE MANAGEMENT

Case management is the process through which appropriate and cost effective medical, medically-related social services, and behavioral health services are identified, planned, obtained and monitored for individuals eligible for ALTCS services. The process integrates the ALTCS member's and the case manager's review of the member's strengths and needs resulting in the mutually agreed upon appropriate and cost effective service plan that meets the medical, functional, social and behavioral health needs of the member.

A case manager is a person who is either a degreed social worker, licensed registered nurse, or a person with a minimum of two years experience in providing case management services to persons who are elderly and/or persons with physical or developmental disabilities. Case managers shall not provide direct care services to members, but shall authorize appropriate services and/or refer members to appropriate services. Case managers shall spend at least 85% of their time on Title XIX ALTCS case management activities. Staffing must be sufficient to cover case manager absenteeism, turnover and out-of-county members. Case management orientation programs must include case management specific AHCCCS requirements as well as documentation of pertinent on-going training (e.g., cultural competency).

The case manager will make every effort to foster a person-centered approach and respect maximum member/family self-determination while promoting the values of dignity, independence, individuality, privacy and choice. Case management begins with a respect for the member's preferences, interests, needs, culture, language and belief system.

The involvement of the member in strengths and needs identification and in decision making is a basic tenet of case management practice. Care plan development is a shared responsibility with the member/family/significant others input seen as key to the success of the plan. The member/family/significant others are partners with the case managers in the development of the plan with the case manager in a facilitating mode.

Case managers are expected to use a holistic approach regarding the member assessment and needs taking into account not only ALTCS covered services but also other needed community resources as applicable. Case managers are expected to:

- a) Provide adequate information and training to assist the member/family in making informed decisions and choices;
- b) Provide a continuum of service options that support the expectations and agreements established through the care plan process;
- c) Integrate access to non-ALTCS services available throughout the community;
- d) Advocate for the member and/or family/significant others as the need occurs;
- e) Allow the member/family to identify their role in interacting with the service system;
- f) Provide members with flexible and creative service delivery options;
- g) Provide necessary information to providers about any changes in member's functioning to assist the provider in planning, delivering, and monitoring services;
- h) Provide coordination across all facets of the service system in order to maximize the efficient use of resources and minimize any negative impact to the member.

The case manager shall make initial contact with the member within 7 working days of enrollment, initial on-site contact with the member within 12 working days of enrollment, and ensure initiation of necessary services and placement within an appropriate setting within 30 days of enrollment. The case manager shall also conduct periodic placement and service reviews (on-site), every 90 days for HCBS, in-home and alternative settings and acute care only members (the latter may be telephone or on-site), and 180 days for members in an institutional setting. These reviews may be conducted more frequently if the Program Contractor deems it appropriate.

The case manager shall be responsible for facilitating placement/services based on collaborative input from the member (or member's representative), the Primary Care Provider and other sources as applicable, the Program Contractor's Medical Director, service providers and/or the Program Contractor's assessment/PAS. The case manager shall ensure that any member living in their own home shall be allowed to remain in their own home if this is their desire and if home and community based services meet cost effectiveness standards as defined in the *AMPM*. The case manager shall also develop and maintain the member's placement history, a cost-effective individualized service plan, and help resolve problems in the delivery of needed services.

The case manager shall be responsible for the transition of and discharge planning for members transferred to another Program Contractor or disenrolled from the ALTCS program. If an ALTCS member is disenrolled but remains eligible for AHCCCS acute care benefits, the case manager shall provide informational materials (available from AHCCCSA) to the member regarding available acute care health plans. The case manager shall obtain from the member his or her choice of health plans and convey this information to the AHCCCS Communication Center at 1-800-334-5283.

Case management for a member receiving behavioral health services must be provided in consultation/collaboration with a qualified behavioral health professional in those cases where the case manager does not meet the qualifications of a behavioral health professional as defined in 9 A.A.C. 20. Case management in consultation with a behavioral health professional requires documentation of the initial consultation followed by quarterly consults between the ALTCS case manager and the behavioral health professional.

The Program Contractor shall ensure complete, correct and timely entry of data related to placement history and cost effectiveness studies into the Client Assessment and Tracking System (CATS). "Timely" shall mean within 14 days of the event which gave rise to the transaction (e.g., service approval by the case manager, placement change). Unless the Program Contractor is currently transmitting data to CATS electronically, all data entry shall be entered on-line. Program Contractors are not required to enter services into the CATS. The Program Contractor is, however, expected to establish a uniform tracking system in each member chart documenting the begin and end date of services inclusive of renewal of services and the number of units authorized for services as required by the *AMPM*, Chapter 1600, Section 1620.

The Program Contractor shall provide AHCCCSA, on a yearly basis, with a Case Management Plan. This plan shall outline how all AHCCCS case management policy standards will be implemented and monitored by the Program Contractor.

The Program Contractor shall implement a systematic method of monitoring its case management program. This internal monitoring shall be conducted at least quarterly by the Program Contractor. The Program Contractor shall aggregate and analyze the results and describe the continuous improvement strategies it has taken to resolve identified deficiencies. This information shall be made available upon request by AHCCCS.

AHCCCSA will generate a late placement report and send it to the Program Contractor on a quarterly basis. This report will list members enrolled with the Program Contractor who, according to the AHCCCSA CATS

System, have not been placed within 30 days of enrollment with the Program Contractor. The Program Contractor will be requested to provide a written explanation of the reason the client has not been placed. If the reason for the non-placement is deemed valid, no action will be taken. If there is insufficient reason, or no long-term care services were provided, the Program Contractor will be paid for acute care services, case management services and administration only for each unplaced member retroactive to the date of enrollment. For members receiving acute services only, the Program Contractor shall ensure AHCCCS is notified of a change in status through a Member Change Report Form (DE-701). If late placement or initiation of service becomes a persistent problem with the Program Contractor, AHCCCSA reserves the right to impose sanctions for non-compliance or perform a recoupment.

Program Contractors have up to 30 days to initiate services and place newly enrolled members, however, AHCCCSA's preferred performance standard is two weeks. For details on Case Management requirements, see the *AMPM*, Chapters 1500 and 1600.

The Program Contractor shall ensure adequate staffing to meet case management requirements. The maximum case management caseload sizes are as follows:

HCBS or Acute Only	1:48	CM visit every 90 days
Nursing Facility (NF)	1:120	CM visit every 180 days

Over a 180 day time period, one case manager could perform 96 HCBS or acute care visits or 120 NF visits. The case management caseload formula represents the maximum allowable per case manager. Program Contractors may have a value lower than 96 for various reasons. Examples may include: complex medically or behaviorally involved cases, members who have continuing difficulty with providers utilizing a significant amount of case manager's time, rehabilitation, pediatrics, or cases involving considerable travel for the case manager. The Program Contractor's case management plan shall describe their methodology for identifying and serving these populations.

The formula for the mixed caseload assumes the following:

- 96 HCBS, acute only visits (48 members) = 120 NF visits (120 members)
- The equivalency of the factors used in the mixed caseload formula are:

HCBS or Acute Only:	$96 \div 48 = 2$
NF:	$96 \div 120 = .8$

In order to calculate a mixed caseload the following formula is used:

$(\# \text{ of HCBS or acute only members} \times 2) + (\# \text{ of NF members} \times .8)$

As an example of the formula above:

$$\begin{array}{r} (34 \text{ HCBS} \times 2) + (30 \text{ NF} \times .8) = 93.6 \\ 68 \quad \quad \quad + \quad \quad 25.6 \end{array}$$

Case management ratios will be reviewed annually to determine if adjustment is warranted. No caseload adjustment will be made for CYE 2003. The Administration is giving consideration to changing the caseload standards for CYE 2004.

17. MEMBER HANDBOOK and MEMBER COMMUNICATIONS

The Contractor will be accessible by phone for general member information during normal business hours. All enrolled members will have access to a toll free phone number. All member informational materials (e.g. member handbooks, newsletters, brochures) prepared by the Program Contractor shall be approved by AHCCCSA prior to distribution to members as specified in 9 A.A.C. 28, Article 5. The reading level and name of the evaluation methodology used should be included when submitting material to AHCCCSA for approval. The Program Contractor shall make every effort to ensure that all information prepared for distribution to members is written at the 4th grade level (e.g., Fry Readability Index, PROSE, the Readability Analyst, Gunning FOG Index, McLaughlin SMOG Index).

- All materials shall be translated when the Program Contractor is aware that a language is spoken by 3,000 or 10% (whichever is less) of the Program Contractor's members who also have Limited English Proficiency (LEP) in that language.
- All vital materials shall be translated when the Program Contractor is aware that a language is spoken by 1,000 or 5% (whichever is less) of the Program Contractor's members who also have LEP in that language. Vital materials must include, at a minimum, notices for denials, reductions, suspensions or terminations of services, vital information from the member handbooks and consent forms.
- All written notices informing members of their right to interpretation and translation services in a language shall be translated when the Program Contractor is aware that 1,000 or 5% (whichever is less) of the Program Contractor's members speak that language and have LEP.

The Program Contractor shall produce and provide the Member Handbook to each member, authorized representative or legal guardian within 12 working days of enrollment. When there are program or service changes, the Program Contractor will provide notification to the affected members at least 14 days before the change goes into effect. The Program Contractor shall review and update the handbook at least once a year. The handbook must be submitted to AHCCCSA, Office of Managed Care for approval by September 1 of each contract year, or within four weeks of receiving the renewal amendment, whichever is later.

The Member Handbook shall be prepared in accordance with AHCCCSA rules for printed information and shall explain, at a minimum, the following:

- a. A table of contents.
- b. A description of all covered and non-covered services including a statement that the member is not liable for the debts of the Program Contractor for covered services provided to the member by the Program Contractor.
- c. How to contact the case manager.
- d. Appointment procedures.
- e. What to do in case of an emergency including names, addresses and telephone numbers for members to call for instructions. In a life-threatening situation, the member handbook should instruct members to use the emergency medical services (EMS) available and/or activate EMS by dialing 9-1-1. The handbook must contain information on proper emergency service utilization.
- f. Out-of-county and out-of-state moves.
- g. Grievance and request for hearing procedures, including a clear explanation of the member's right to file a grievance and request a hearing to appeal any decision that affects the member's receipt of covered services.
- h. Advance directives.

- i. Contributions the member can make towards his or her own health, member responsibilities, appropriate and inappropriate behavior, and any other information deemed essential by the Program Contractor or AHCCCS. A sentence shall be included that stresses the importance of members keeping and not discarding their plastic AHCCCS ID card.
- j. How to obtain emergency transportation and medically necessary transportation.
- k. EPSDT services. A description of the purpose and benefits of EPSDT services, including the required components of EPSDT screenings and the provision of all medically necessary services to treat physical or mental illnesses discovered by the screenings. Screenings include a comprehensive history and developmental/behavioral health screening, comprehensive unclothed physical examination appropriate vision testing, hearing testing, laboratory tests, dental screening and immunizations.
- l. Maternity and family planning services.
- m. Description of covered behavioral health services and how to access them.
- n. Coordination with Medicare and other potentially liable third parties.
- o. For members with Medicare coverage: indicate Medicare additional covered services, services not generally covered by Medicare, reference to the Medicare handbook "Other Things You Should Know About Medicare" which describes dual coverage (Medicare/Medicaid, QMB's, etc.).
- p. Member's share of cost.
- q. The last revision date.
- r. Member's notification rights and responsibilities under Arizona Administrative Code 9 A.A.C. 28, Article 12 and AHCCCS policy.
- s. A description of fraud and abuse including instructions on how to report suspected fraud or abuse. This shall include a statement that misuse of a member's identification card, including loaning, selling or giving it to others could result in loss of the member's eligibility and/or legal action against the member.
- t. A statement that informs the member of their right to request information on whether or not the Program Contractor has Physician Incentive Plans (PIP) that affect the use of referral services, the right to know the types of compensation arrangements the Program Contractor uses, the right to know whether stop-loss insurance is required and the right to a summary of member survey results, in accordance with the PIP regulation.
- u. Member's right to be treated fairly, regardless of race religion, sex, age, or ability to pay.
- v. Detailed descriptions of all current residential placement options.
- w. A description of all items and services for which prior authorization is required or not required.
- x. A description of how specialists are accessed.
- y. Information on self-referral process for certain services.
- z. A general description of how coordinated care works, including member responsibilities, appropriate utilization, and the PCP and case manager's role with the member in coordinating services.
- aa. How to select and change PCPs and a list of available PCPs including names, addresses and phone numbers. This section shall include notice that, upon member request, the Program Contractor will make information available regarding provider qualifications.
- bb. How to obtain, without charge, a copy of the Program Contractor's provider directory.
- cc. Information regarding prenatal HIV testing and counseling services.
- dd. Explanation of when Program Contractors changes may occur.
- ee. Program Contractor service and setting network limitations, restrictions and priority assignments.
- ff. Explanation of the Transitional Program and services available.
- gg. Members have a right to know of providers who speak languages other than English.

Regardless of the format chosen by the Program Contractor, the member handbook must be written in a type style and size that can be easily read by members of varying degrees of visual impairment. At a minimum, the member handbook shall also contain the following questions and answers, along with the two paragraphs that follow.

- Q. What if I have questions, problems, or complaints about [Program Contractor]?
- A. If you have a question or problem, please call _____. If you have a specific complaint about your medical care, the Case Manager will help you.
- Q. What if I am not happy with the help given to me by the Case Manager?
- A. If you do not agree with the answer you receive, you may tell the Case Manager you want to file a written or oral grievance. The grievance must be filed no later than 60 days after the date of the action, decision, or incident.

[Program Contractor name] will make a final decision within 30 days of getting your written or oral grievance. A letter will be mailed to you stating our decision and the reason for the decision. The letter will tell you how you can request a hearing from the Administration if you are still unsatisfied with the decision. You must let us know you want to appeal within 15 days of being notified of our decision.

If you decide to request a hearing, we will send your request to AHCCCS. You will receive information from AHCCCS on how your request will be handled. AHCCCS will then decide if our decision was correct under the circumstances.

18. REPORTING CHANGES IN MEMBERS' CIRCUMSTANCES

The ALTCS Member Change Report Form (DE-701) provides the Program Contractor with a method for complying with notification to the ALTCS eligibility offices and AHCCCSA of changes or corrections to the member's circumstances. This includes but is not limited to changes in residence, living arrangements, third party payers, share of cost, income or resources; a medical condition which could affect eligibility; admission to Arizona State Hospital; no services provided (e.g., member's refusal to receive ALTCS services); demographic changes or the member's death. See the ALTCS Eligibility Policy and Procedures Manual, Chapter 1600, Section 1611, Reporting Changes.

19. PRE-ADMISSION SCREENING AND RESIDENT REVIEW (PASRR)

The Program Contractor shall ensure members have the Preadmission Screening and Resident Review (PASRR) Level I and, if needed, Level II screenings prior to admission to a nursing facility. Level I is the identification of members who are suspected of having mental illness or mental retardation. Level II determines whether nursing facility or specialized services are needed. Failure to have the proper PASRR screening prior to placement of members in a nursing facility may result in federal financial participation (FFP) being withheld from AHCCCSA. Should withholding of FFP occur, AHCCCSA will recoup the withheld amount from a Program Contractor's subsequent capitation payment. The Program Contractor may, at its option, recoup the withholding from the nursing facility which admitted the member without the proper PASRR.

20. QUALITY MANAGEMENT / UTILIZATION MANAGEMENT

QUALITY MANAGEMENT

This document does not contain all the Quality Management (QM) requirements. A comprehensive description of QM requirements can be found in the *AMPM*. The Program Contractor shall maintain an AHCCCSA approved internal quality management plan in accordance with ALTCS Rules; the *AMPM* and federal regulations found at 42 CFR 434.34 and Part 456.

The Program Contractor shall track all member problems and complaints (including non-quality of care complaints) and provide trending, aggregation and analysis. At a minimum, any downward trend must be evaluated, addressed, and quality improvement efforts implemented. If a Program Contractor serves members in multiple counties, the aggregation and analysis must also be centralized to incorporate the total ALTCS population served. The Program Contractor shall respond to quality of care issues as specified by quality management activities and maintain copies of any improvement or action plans specific to a case. The Program Contractor shall make appropriate referrals of quality of care issues, not limited to trended quality of care concerns, to appropriate licensure and regulatory agencies. The Program Contractor shall provide AHCCCS, Office of Medical Management, with timely notification and periodic status reports regarding significant incidents/accidents involving members, as well as, all incidents of suspected abuse.

The Program Contractor shall provide quality medical care to members, regardless of payor source or eligibility category. The Program Contractor shall execute processes to plan, implement and evaluate quality management and improvement activities as specified in the *AMPM*, Chapter 900 that include:

- Conducting Quality Improvement Projects (QIPs);
- Monitoring and evaluating of QM activities;
- Credentialing and recredentialing processes;
- Investigating, aggregating, tracking, trending, and analyzing of quality of care issues, abuse and/or complaints; and
- Participating with AHCCCS approved and mandated annual quality performance indicators.

The Program Contractor shall submit within timelines specified in Section F, Attachment D, a written QM plan that addresses its strategies for quality improvement and conducting the quality management activities described in this section. Although the Program Contractor is no longer required to conduct two clinical studies during each contract year, the Program Contractor shall conduct quality improvement projects as required by the *AMPM*, Chapter 900.

The Program Contractor may combine its plan for quality improvement and quality management activities with the plan that addresses utilization management as described in this section.

Performance Indicators

The Program Contractor shall strive to meet the AHCCCS stated performance indicator standards. However, it is equally important that the Program Contractor continually improve its performance indicator outcomes from year to year.

AHCCCS has established three levels for measuring performance. These performance standards may not be applicable if the Program Contractor is in the initial stage of collecting baseline data for a performance indicator. In such cases, the standards will be utilized in the future to measure performance for the identified AHCCCS performance indicators. These three performance standards are:

- ***Minimum Performance Standard*** – A Minimum Performance Standard is the minimally expected level of performance for the Program Contractor. If the Program Contractor does not achieve this standard for two consecutive years or its rate declines to a level below the AHCCCS Minimum Performance Standard for any indicator, the Program Contractor will be required to submit a corrective action plan and may be subject to sanctions.

- **Goal** – A Goal is a reachable standard for a given performance indicator for the Contract Year. If the Program Contractor has met or exceeded the AHCCCS Minimum Performance Standard for any indicator, it will strive to meet the Goal for the indicator(s).
- **Benchmark** – A Benchmark is the ultimate standard to be achieved by the Program Contractor. If the Program Contractor has already met or exceeded the Goal for any performance indicator, the Program Contractor must strive to meet the Benchmark for the indicator(s). Program Contractors that have achieved the Benchmark are expected to maintain this level of performance for future years.

Any significant drop in the Program Contractor’s performance level for any indicator must be reported and explained to AHCCCS in some format including, but not limited to, its annual quality management program evaluation. If the Program Contractor has a significant drop in any indicator without a justifiable explanation, it will be required to submit a corrective action plan and may be subject to sanctions.

If the Program Contractor has not shown demonstrable and sustained improvement as described in the *AMPM*, Chapter 900, toward meeting AHCCCS performance standards, the Program Contractor shall develop a corrective action plan. The corrective action plan must be received by the Office of Medical Management within timelines specified by AHCCCS and must be approved by AHCCCS prior to implementation. AHCCCS may conduct one or more follow-up on-site reviews to verify compliance with a corrective action plan. Failure to achieve adequate improvement may result in sanctions imposed by AHCCCS.

The current ALTCS quality performance indicators identified by AHCCCSA include:

- Influenza Immunizations
- Pneumococcal Vaccinations
- Diabetes Care (biannual HbA1c, foot exam, and lipid profile)
- Initiation of HCB Services

Minimum Performance Standards (MPS)
Goals and Benchmarks
For ALTCS Performance Measures for Reports in 2002/2003

ALTCS Performance Indicators	CYE 2003 Minimum Performance Standard ^a	CYE 2003 Goal ^b	Benchmark
Pneumococcal Vaccination Nursing Facility	72%	83%	90%
Pneumococcal Vaccination Home and Community Based	48%	63%	90%
Influenza Immunization Nursing Facility	82%	84%	90%
Influenza Immunization Home and Community Based	46%	61%	90%
Initiation of Services	88%	94%	100%
Annual Diabetic Care HbA1c	47%	57%	66%
Annual Diabetic Care Fasting Lipid Profile	34%	44%	53%
Annual Diabetic Care Foot Exam	49%	62%	73%

^aMPS is Minimum Performance Standard

^bThe goal was determined by subtracting the Statewide Average from the results of the highest-scoring Contractor, dividing by half and adding the figures to the MPS.

UTILIZATION MANAGEMENT

The Program Contractor shall execute processes to plan, implement and evaluate utilization management (UM) activities as specified in the *AHCCCS Medical Policy Manual (AMPM)*, Chapter 1000 that include at least the following:

- Prior authorization;
- Concurrent review;
- Continuity and coordination of care;
- Monitoring and evaluation of over and/or under utilization of services;
- Evaluation of new medical technologies, and new uses of existing technologies; and
- Development and/or adoption of practice guidelines.

The Program Contractor shall monitor activities related to the performance of the provider network. These activities shall include, but not be limited to, provider profiling in the areas of emergency room, hospital and pharmacy utilization. The Program Contractor shall share provider profiling and utilization information on a regular basis with individual providers. In addition, provider profiling and utilization information shall be reviewed internally prior to recredentialing. The Program Contractor shall comply with all other medical audit provisions as required by AHCCCS Rule R9-28, Article 5.

The Program Contractor shall maintain a written UM plan that addresses all aspects of UM activities required by this section. The plan must be submitted for review by AHCCCS OMM within the timelines specified in Section F, Attachment D. The Program Contractor may combine its utilization management plan with the plan that addresses quality improvement and quality management activities as described in this section.

21. DENIALS OR REDUCTIONS OF SERVICES

When any covered service subject to prior authorization, including HCBS services arranged by a case manager, is denied, reduced, suspended or terminated, the Program Contractor shall comply with the notice, request for hearing and continuation of benefits and request for hearing process, specified in 42 CFR 431.200, et. seq., A.A.C. 28, Article 12 and the *Office of Managed Care Member Rights and Responsibilities* Policy. This information must be contained in the Member handbook provided for each member by the Program Contractor. The Program Contractor is required to promptly provide any services specified in the AHCCCS Director's decisions, irrespective of whether or not a Petition for Rehearing is filed. Also refer to Section F, Attachment B, Grievance and Request for Hearing Process and Standards.

22. GRIEVANCE AND REQUEST FOR HEARING PROCESS AND STANDARDS

The Program Contractor shall have in place a written grievance and request for hearing policy for members and providers which defines their rights regarding any adverse action by the Program Contractor. This written policy shall be in accordance with applicable federal and state law and AHCCCS Rules and policies including, but not limited to, AHCCCS grievance and request for hearing policy requirements, the Alternative Resolution Process and the Member Rights and Responsibilities policy. The Program Contractor shall maintain a complaint log pertaining to its program, services and provision of care. Refer to Section F, Attachment B for a complete description of the grievance and request for hearing process requirements.

23. QUARTERLY GRIEVANCE REPORT

A Quarterly Grievance Report shall be submitted to AHCCCSA, Office of Legal Assistance and must be received no later than 45 days after the end of each quarter. The format for this report is on file in the Bidder's Library.

24. MEMBER/PROVIDER COUNCILS

To promote a collaborative effort to enhance the service delivery system in local communities, the Program Contractor shall establish a Member/Provider Council that will participate in providing input on policy and programs. The council is to be chaired by the Program Contractor's Administrator/CEO or designee and will meet at least quarterly. Every effort shall be made to include a cross representation of both members/families/significant others, advocacy groups and providers that reflect the population and community served. The Program Contractor shall provide an orientation and ongoing training for council members so they have sufficient information and understanding to fulfill their responsibilities. On an annual basis, the Program Contractor shall submit a plan to AHCCCS, Office of Managed Care, outlining the schedule of meetings and the draft goals for the council. AHCCCS, Office of Managed Care shall be included on all correspondence to the Council, including agenda and Council minutes. Other reporting requirements pertaining to the Member/Provider Council are defined in Attachment D.

25. STAFF REQUIREMENTS and SUPPORT SERVICES

The Program Contractor shall have in place, either directly or indirectly, the organizational, management and administrative systems capable of fulfilling all contract requirements. At a minimum, the following staff functions are required:

- a. An **Administrator/CEO/COO** to oversee the entire operation of the Program Contractor. The Administrator shall devote sufficient time to the Program Contractor's operations to ensure adherence to program requirements and timely responses to the AHCCCS Administration.
- b. A **Medical Director** who is an Arizona-licensed physician. The Medical Director shall be actively involved in all major clinical and QM/UM program components of the Program Contractor. The Medical Director shall devote sufficient time to the Program Contractor's operations to ensure timely medical decisions, including after-hours consultation as needed (see Paragraph 27).
- c. A **Financial Officer/CFO** to oversee the budget, accounting systems and financial reporting implemented by the Program Contractor.
- d. A **Quality Management/ Utilization Management Coordinator** who is an Arizona-licensed registered nurse, physician or physician's assistant.
- e. A **Behavioral Health Coordinator** who shall be a behavioral health professional as described in Health Services Rule, 9 A.A.C. 20. The Behavioral Health Coordinator shall devote sufficient time to assure the Contractor's Behavioral Health program is implemented per AHCCCSA requirements.
- f. **Prior Authorization staff** to authorize medical care 24 hours per day, 7 days per week. This staff shall be directly supervised by an Arizona-licensed registered nurse, physician or physician's assistant.
- g. **Concurrent Review staff** to conduct inpatient concurrent review. This staff shall consist of an Arizona-licensed registered nurse, physician, physician's assistant or an Arizona-licensed practical nurse

experienced in concurrent review and under the direct supervision of a registered nurse, physician or physician's assistant.

- h. **Case Management Administrator/Manager/** to oversee the case management functions and who shall have the qualifications of a case manager as defined in Section D, Paragraph 16.
- i. **Case Management Supervisor(s)** to oversee case management staff.
- j. **Case Managers** to coordinate the provision of services to members in HCBS and institutional settings.
- k. **Provider Services/Contracts Manager and staff** to coordinate communications between the Program Contractor and its subcontractors. There shall be sufficient Provider Services staff to enable providers to receive prompt resolution to their problems or inquiries.
- l. **Claims Administrator and Claims Processors** to ensure the timely and accurate processing of original claims, claims correction letters, resubmissions and overall adjudication of claims.
- m. **Encounter Processors** to ensure the timely and accurate processing and submission to AHCCCSA of encounter data and reports.
- n. A **Grievance Coordinator** who will manage and adjudicate member and provider grievances and requests for hearings and will submit quarterly reports to AHCCCSA's Office of Legal Assistance.
- o. **Compliance Officer** who shall implement and oversee the Program Contractor's compliance program. The compliance officer shall be a senior, on-site official, available to all employees, with designated and recognized authority to access records and make independent referrals to AHCCCSA, Office of Program Integrity.
- p. **Clerical and support staff** as necessary to ensure proper functioning of the Program Contractor's operation.

The Program Contractor shall inform AHCCCSA, Office of Managed Care, in writing within seven days of learning of an intended resignation in any of the following key positions listed below. The name of the interim contact person should be included with the notification. In addition, AHCCCSA may require the Program Contractor to provide a written plan for filling the vacant position, including expected timelines. The name of the permanent employee shall be submitted as soon as the new hire has taken place.

- Administrator/CEO/COO
- Medical Director
- Financial Officer/CFO
- Quality Management/Utilization Management Coordinator
- Case Management Administrator/Manager
- Claims Administrator
- Behavioral Health Coordinator
- Grievance Coordinator
- Provider Services/Contracts Manager

The Program Contractor shall ensure that all staff have appropriate training, education and experience to fulfill the requirements of the position.

26. WRITTEN POLICIES, PROCEDURES AND JOB DESCRIPTIONS

The Program Contractor shall develop and maintain written policies, procedures and job descriptions for each functional area. The Program Contractor shall maintain written guidelines for developing, reviewing and approving all policies, procedures and job descriptions, as appropriate, in order to ensure all contract requirements are being met.

All policies and procedures shall be reviewed at least annually to ensure that the Program Contractor's current practices reflect written policies. Review and/or revision dates shall be documented on the policy. Reviewed

policies shall be dated and signed by the Program Contractor's appropriate management. All medical and quality management/utilization management policies must be approved and signed by the Program Contractor's Medical Director.

Job descriptions shall be reviewed at least annually to ensure that current duties performed by the employee reflect written requirements. Review dates shall be documented on the job descriptions.

27. MEDICAL DIRECTOR

The Program Contractor shall have on staff a Medical Director who is currently licensed in Arizona as a Medical Doctor or Doctor of Osteopathic Medicine. The Medical Director must have at least 3 years of training and/or experience appropriate to the needs of the population being served. For example, if the program is mainly focused on the medical needs of members, then training/experience should be in a medical specialty. If the program is mainly focused on the behavioral health needs of members, then the training/experience should be in a psychiatric specialty. For those programs with a significant overlap in need (behavioral and medical), then the Medical Director should have sufficient training/experience to be able to comfortably and competently deal with issues in both areas. If not, then the Program Contractor must clearly identify a physician who will be available and accountable for these areas in which the Medical Director's training/experience may be lacking. The Medical Director shall be responsible for:

- a. The development, implementation and medical interpretation of medical policies and procedures to guide and support the provision of medical care to members. This includes, among others, policies pertaining to prior authorization, concurrent review, claims review, discharge planning, credentialing and referral management.
- b. Oversight of provider recruitment activities.
- c. As appropriate, reviewing all providers' applications and submit recommendations to those with contracting authority regarding credentialing and reappointment of all professional providers who fall under the Program Contractor's scope of authority for credentialing (i.e., physicians, dentists, nurse practitioners, midwives, podiatrists and other licensed independent practitioners) prior to the physician's contracting (or renewal of contract) with the Program Contractor.
- d. Oversight of medical provider profiling, including utilization management activities.
- e. Administration of all medical activities of the Program Contractor.
- f. Continuous assessment and improvement of the quality of care provided to members (e.g. quality of care issues, quality indicators, annual medical study).
- g. The development and implementation of the quality management/utilization management plan and serving as Chairperson of Quality Management Committee.
- h. Oversight of provider education, inservice training and orientation.
- i. Assuring that adequate staff and resources are available for the provision of proper medical care to members
- j. Attending quarterly ALTCS Medical Director meetings.

During periods when the Medical Director is not available, the Program Contractor shall have adequate back-up physician staff to provide competent medical direction.

28. NETWORK DEVELOPMENT

The Program Contractor shall develop and maintain a provider network development and management plan, including home and community based service providers and alternative residential settings, that is sufficient to

provide all covered services to ALTCS members. The Program Contractor shall ensure covered services are provided promptly and are reasonably accessible in terms of location and hours of operation. There shall be sufficient personnel for the provision of all covered services, including emergency medical care on a 24-hour-a-day, 7-day-a-week basis. The development of home and community based services shall include provisions for the availability of services on a 7-day-a-week basis and for extended hours, as dictated by member needs.

The network development and management plan shall be updated annually and submitted to AHCCCS. The purpose of the plan is to identify the current status of the network at all levels (institutional, HCBS, acute, alternative residential, etc.) and to project future needs based upon membership growth. The plan should, at a minimum, include the following:

- Current status of network
- Current network gaps
- Immediate short term interventions when a gap occurs
- Interventions to fill network gaps, and barriers to those interventions
- Outcome measures/evaluation of interventions
- Ongoing activities for network development
- Coordination between contractor departments and outside organizations, including member/provider council
- Specialty populations
- Membership growth/changes

In accordance with the Network Standards specified in Attachment E. and the members' needs, the proposed network shall be sufficient to provide covered services within designated time and distance limits. This includes a network such that a Maricopa or Pima County member residing within the boundary area of metropolitan Phoenix or Tucson does not have to travel more than 5 miles to see a PCP or pharmacy. A member residing outside the metropolitan boundary area, but within Maricopa or Pima County, must not have to travel more than 10 miles to see such providers. Any exceptions to the Network Standards must be prior approved by AHCCCSA, Office of Managed Care.

The Program Contractor shall not discriminate with respect to participation in the AHCCCS program, reimbursement or indemnification against any provider solely on the provider's type of licensure or certification. This provision, however, does not prohibit the Program Contractor from limiting provider participation to the extent necessary to meet the needs of the Program Contractor's members. This provision also does not interfere with measures established by the Program Contractor to control costs and quality consistent with its responsibilities under this contract.

29. NETWORK MANAGEMENT

The Program Contractor shall have policies and procedures in place that pertain to all service specifications described in the *AMPM*, Chapter 1200. These include, but are not limited to, policies on how the Program Contractor will:

- a. Communicate with the network regarding contractual and/or program changes and requirements
- b. Monitor and control network compliance with policies and rules of AHCCCSA and the Program Contractor including compliance with all policies and procedures related to the grievance process and ensuring the member's care is not compromised during this process
- c. Evaluate the quality of services delivered by the network

- d. Provide or arrange for medically necessary covered services should the network become temporarily insufficient within the contracted service area
- e. Monitor network capacity to ensure that there are sufficient providers to handle the volume of members
- f. Ensure service accessibility, including monitoring appointment standards, appointment waiting times, and service provision standards
- g. Recruit, select, credential, re-credential and contract with providers in a manner that incorporate quality management, utilization, office audits and provider profiling.
- h. Manage or share risk with providers
- i. Provide training for its providers and maintain records of such training
- j. Provide eligibility information and prior authorization 24 hours per day, 7 days per week

The Program Contractor shall comply with the provider network and staffing requirements described in the *AMPM*, Chapter 600 and the medical policy and standards related to care coordination described in Chapter 500. The Program Contractor shall also submit to AHCCCSA, Office of Managed Care, semi-annual updates on the provider network.

The Program Contractor shall maintain files on all contracted service providers. At a minimum, these files shall contain: a current, signed contract; any contract amendments; current certificate of insurance; and copies of pertinent correspondence related to contract issues.

All material changes in the Program Contractor's provider network must be approved in advance by AHCCCSA, Office of Managed Care. A material change is defined as one which affects, or can reasonably be foreseen to affect, the Program Contractor's ability to meet the performance and network standards as described in this solicitation. The Office of Managed Care must be notified of planned material changes in the provider network before the change process has begun, for example before issuing a 60-day termination notice to a provider. The notification shall be made within one working day if the change is unexpected. AHCCCSA will assess proposed changes in the Program Contractor's provider network for potential impact on members' health care and provide a written response to the Program Contractor within 14 days of receipt of request. For emergency situations, AHCCCSA will expedite the approval process.

The Program Contractor shall notify AHCCCSA, Office of Managed Care, within one working day of any unexpected changes that would impair its provider network. This notification shall include (1) information about how the change will affect the delivery of covered services, (2) the Program Contractor's plans for maintaining the quality of member care if the provider network change is likely to result in deficient delivery of covered services and (3) the Program Contractor's plan to address and resolve any network deficiency.

30. PROVIDER MANUAL

The Program Contractor shall develop, distribute and maintain a provider manual. The Program Contractor shall document the approval of the provider manual by its Administrator and Medical Director and shall maintain documentation which verifies that the provider manual is reviewed at least annually. The Program Contractor shall ensure and document that each provider (individual or group that submits claim and encounter data) is issued a copy of the provider manual. At a minimum, the provider manual must contain information on the following:

- a. A table of contents
- b. Introduction to the Program Contractor which explains its organization and administrative structure

- c. Provider responsibilities and the Program Contractor's expectation of the provider such as gatekeeping activities, etc.
- d. Overview of the Program Contractor's Provider Services department and function
- e. Listing and description of covered and non-covered services, requirements and limitations, including behavioral health services and how to access them
- f. Emergency room utilization (appropriate and non-appropriate use of the emergency room)
- g. Description of copayment policy and procedures
- h. The Program Contractor's policy regarding PCP assignments
- i. Referrals to specialists and other providers
- j. AHCCCS change of Program Contractor policy
- k. Grievance and request for hearing process and procedures
- l. Billing and encounter submission information
 - indicate which form, UB92, HCFA 1500, or Form C is to be used for services
 - indicate which fields are required for a claim to be considered acceptable by the Program Contractor.
 - include a completed sample of each form
- m. Policies and procedures relevant to the network including, but not limited to, utilization management and claims submission
- n. Reimbursement information, including reimbursement for members eligible for both Medicare and Medicaid (dual eligibles), or members with other insurance
- o. Explanation of remittance advice
- p. Prior authorization procedures
- q. Claims medical review
- r. Concurrent review
- s. Fraud and abuse
- t. AHCCCS appointment and office waiting time standards
- u. Formulary information, including updates when changes occur. (The formulary may be separate from the Provider Manual.)
- v. EPSDT services, standards and forms
- w. ADA requirements, as applicable
- x. Cultural competency information, including notification about Title VI of the Civil Rights Act of 1964. Providers should also be informed of how to access interpretation services to assist members who speak a language other than English or who use sign language.
- y. Eligibility verification

31. PROVIDER REGISTRATION

The Program Contractor shall ensure that all its subcontractors have registered with AHCCCSA as approved service providers and have received AHCCCS Provider ID Numbers. A Provider Participation Agreement must be signed with each provider who does not also participate as an AHCCCS FFS provider and retained in Contractor's files. The provider registration process must be completed in order for the Program Contractor to report services a subcontractor renders to enrolled members and for the Program Contractor to be paid reinsurance.

32. NETWORK SUMMARY

The Program Contractor shall submit electronically, information regarding its provider network. This information shall be submitted in a flat file format or Excel format per AHCCCS specifications. Network

Updates will be submitted on October 15, and April 15 of each contract year. The AHCCCS Office of Managed Care will notify the Program Contractor if there is a change in the submitted frequency.

33. SUBCONTRACTS

The Program Contractor shall be legally responsible for contract performance whether or not subcontracts are used. No subcontract shall operate to terminate the legal responsibility of the Program Contractor to assure that all activities carried out by the subcontractor conform to the provisions of this contract. Subject to such conditions, any function required to be provided by the Program Contractor pursuant to this contract may be subcontracted to a qualified person or organization. All such subcontracts must be in writing. See policy on claims processing by subcontracted providers in the Bidder's Library.

All subcontracts entered into by the Program Contractor are subject to prior review and approval by AHCCCSA, Contracts and Purchasing, and shall incorporate by reference the terms and conditions of this contract. The following subcontracts shall be submitted to the AHCCCSA Contracting Office for prior approval at least 30 days prior to the beginning date of the subcontract:

- a. Automated data processing
- b. Third-party administrators
- c. Management Services (See also Section D, Paragraphs 43 & 49)
- d. Model subcontracts for PCPs, attendant care, home health agencies, behavioral health providers, nursing facilities, alternative residential settings and dental services
- e. Capitated or other risk subcontracts requiring claims processing by the subcontractor must be submitted to AHCCCSA, Office of Managed Care

See also Section D, Paragraph 36. Hospital Subcontracting and Reimbursement, regarding required submission of hospital subcontracts.

The Program Contractor shall require any ADHS licensed or certified provider to submit to the Program Contractor their most recent ADHS licensure review, copies of substantiated complaints and other pertinent information that is available and considered to be public information from oversight agencies. The Program Contractor shall monitor contracted providers for compliance with quality assurance measures such as supervisory visits conducted by a RN when a home health aide is providing services.

The Program Contractor shall maintain a fully executed original of all subcontracts which shall be accessible to AHCCCSA within two working days of request by AHCCCSA. A subcontract is voidable and subject to immediate cancellation by AHCCCSA in the event any subcontract pertinent to "a" through "e" above is implemented without the prior written approval of AHCCCSA. All subcontracts shall comply with the applicable provisions of Federal and State laws, regulations and policies.

The Program Contractor shall not include covenant-not-to-compete requirements in its provider agreements. Specifically, the Program Contractor shall not contract with a provider and require that the provider not provide services for any other AHCCCS contractor.

The Program Contractor must enter into a written agreement with any provider the Program Contractor reasonably anticipates will be providing services on its behalf more than 25 times during the contract year. Exceptions to this requirement include the following:

- a. If a provider who provides services more than 25 times during the contract year refuses to enter into a written agreement with the Program Contractor, the Program Contractor shall submit documentation of

such refusal to AHCCCS Office of Managed Care within seven days of its final attempt to gain such agreement.

- b. If a provider performs emergency services such as an emergency room physician or an ambulance company, a written agreement is not required.

These and any other exceptions to this requirement must be approved by AHCCCS Office of Managed Care.

Each subcontract must contain verbatim all the provisions of Attachment A, Minimum Subcontract Provisions. In addition, each subcontract must contain the following:

- a. Full disclosure of the method and amount of compensation or other consideration to be received by the subcontractor.
- b. Identification of the name and address of the subcontractor.
- c. Identification of the population, to include patient capacity, to be covered by the subcontractor.
- d. The amount, duration and scope of medical services to be provided, and for which compensation will be paid.
- e. The term of the subcontract including beginning and ending dates, methods of extension, termination and re-negotiation.
- f. The specific duties of the subcontractor relating to coordination of benefits and determination of third-party liability.
- g. A provision that the subcontractor agrees to identify Medicare and other third-party liability coverage and to seek such Medicare or third-party liability payment before submitting claims to the Program Contractor/ Contractor.
- h. A description of the subcontractor's patient, medical and cost record keeping system.
- i. Specification that the subcontractor shall cooperate with quality assurance programs and comply with the utilization control and review procedures specified in 42 CFR Part 456, as implemented by AHCCCSA.
- j. A provision stating that a merger, reorganization or change in ownership of a subcontractor that is related to or affiliated with the Program Contractor shall require a contract amendment and prior approval of AHCCCSA.
- k. Procedures for enrollment or re-enrollment of the covered population (may also refer to the Provider Manual).
- l. A provision that the subcontractor shall be fully responsible for all tax obligations, Worker's Compensation Insurance, and all other applicable insurance coverage obligations which arise under this subcontract, for itself and its employees, and that AHCCCSA shall have no responsibility or liability for any such taxes or insurance coverage.
- m. A provision that the subcontractor must obtain any necessary authorization from the Program Contractor or AHCCCSA for services provided to eligible and/or enrolled members.
- n. A provision that the subcontractor must comply with encounter reporting and claims submission requirements as described in the subcontract.
- o. Provision(s) that allow the Program Contractor to suspend, deny, refuse to renew or terminate any subcontractor in accordance with the terms of this contract and applicable law and regulation.
- p. A provision that the subcontractor may provide the member with factual information, but is prohibited from recommending or steering a member in the member's selection of a Program Contractor.
- q. For Nursing Facility subcontracts, a provision that the subcontractor must have procedures in place to ensure that temporary nursing care registry personnel, including Nurse Aides, are properly certified and licensed before caring for members, in accordance with 42 CFR 483.75(e) 3 and (g) 2. The provision must also require the subcontractor to ensure these registry personnel are fingerprinted as required by ARS §36-411.

Subcontractor Compliance with Contract Requirements - The Program Contractor shall be held fully liable for the performance of all contract requirements and shall develop and maintain a system of regular and periodic assessment of all subcontractors' compliance with its terms.

The Program Contractor shall conduct on-site monitoring and performance measurement analysis of significant subcontractors, such as those subcontractors responsible for member assignment to providers, development of provider networks, prior authorization and/or claims payments. Oversight activities shall include, but are not limited to:

- a. Review of subcontractor's adherence to contract provisions through chart review, review of reports, review of QM/UM findings and reports;
- b. Review of provider credentials;
- c. Review and assessment of adequacy of network;
- d. Review and assessment of claims payment process; and
- e. Review and analysis of subcontractor's financial viability

The Program Contractor shall promptly advise AHCCCSA, the Office of Managed Care, in writing of the subcontractor's non-compliance and of corrective actions taken.

34. ADVANCE DIRECTIVES

The Program Contractor shall maintain policies and procedures addressing directives for adult members that specify:

- a. Each contract or agreement with a hospital, nursing facility, home health agency, hospice or organization responsible for providing personal care must comply with federal and state law regarding advance directives for adult members. Requirements include:
 - (1) Maintaining written policies that address the rights of adult members to make decisions about medical care, including the right to accept or refuse medical care and the right to execute an advance directive. If the agency/organization has a conscientious objection to carrying out an advance directive, it must be explained in policies. (A health care provider is not prohibited from making such objection when made pursuant to A.R.S. § 36-3205.C.1.)
 - (2) Provide written information to adult members regarding an individual's rights under State law to make decisions regarding medical care and the health care provider's written policies concerning advance directives (including any conscientious objections).
 - (3) Documenting in the member's medical record whether or not the adult member has been provided the information and whether an advance directive has been executed.
 - (4) Not discriminating against a member because of his or her decision to execute or not execute an advance directive, and not making it a condition for the provision of care.
 - (5) Providing education to staff on issues concerning advance directives including notification of direct care providers of services, such as home health care and personal care, of any advanced directives executed by members to whom they are assigned to provide services.
- b. Program Contractors shall encourage subcontracted PCPs to comply with the requirements of subparagraph a. (2) through (5) above. Program Contractors shall also encourage health care providers specified in subparagraph a to provide a copy of the member's executed advanced directive, or documentation of refusal, to the member's PCP for inclusion in the member's medical record.

35. SPECIALTY CONTRACTS

The Director of AHCCCSA may at any time negotiate or contract on behalf of the Program Contractor and AHCCCSA for specialized hospital and medical services such as organ transplants. If the Director has contracted for such specialized services, the Program Contractor may be required to include such services within its delivery networks and make contractual modifications necessary to carry out this section. Specialty contracts shall take precedence over all other contractual arrangements between the Program Contractor and its providers. If the Program Contractor's specialty contracts are less costly than those of AHCCCSA, AHCCCSA may allow the Program Contractor to continue using its specialty contractors.

36. HOSPITAL SUBCONTRACTING AND REIMBURSEMENT

Maricopa and Pima counties only: Laws of 2001 Chapter 234, §§ 3 reinstates the Hospital Reimbursement Pilot Program (Pilot), effective from October 1, 2001, through September 30, 2003. The Pilot, as defined by AHCCCS Rule 9 A.A.C. 22, Article 7, requires hospital subcontracts to be negotiated between Program Contractors in Maricopa and Pima counties and hospitals to establish reimbursement levels, terms and conditions. Subcontracts shall be negotiated by the Program Contractor and hospitals to cover operational concerns, such as timeliness of claims submission and payment, payment of discounts or penalties, legal resolution, which may, as an option, include establishing arbitration procedures. These negotiated subcontracts shall remain under close scrutiny by AHCCCSA to insure availability of quality services within specific service districts, equity of related party interests, reasonableness of rates. The general provisions of this program encompass acute care hospital services and outpatient hospital services that result in an admission. The Program Contractor shall submit all hospital subcontracts and any amendments to AHCCCSA, Division of Business and Finance, Contracts Unit, for prior approval. For non-emergency patient-days, the Program Contractor shall ensure that at least 65% of its members use contracted hospitals. AHCCCSA reserves the right to subsequently adjust the 65% standard. Further, if in AHCCCSA's judgment the number of inpatient days at a particular non-contracted hospital becomes significant, AHCCCSA may require a subcontract at that hospital.

All counties EXCEPT Maricopa and Pima: The Contractor shall reimburse hospitals for member care in accordance with AHCCCS Rule 9 A.A.C. 22, Article 7. The Contractor is encouraged to obtain contracts with hospitals in all GSA's and must submit copies of these contracts, including amendments, to AHCCCSA, Office of Managed Care, at least seven days prior to the effective dates thereof.

For Out-of-State Hospitals: The Program Contractor shall reimburse out-of-state hospitals in accordance with AHCCCS Rule 9 A.A.C. 22, Article 7.

The Program Contractor may conduct prepayment and postpayment medical reviews of all hospital claims including outlier claims. Erroneously paid claims are subject to recoupment. If the Program Contractor fails to identify lack of medical necessity through concurrent review and/or prepayment medical review, lack of medical necessity identified during postpayment medical review shall not constitute a basis for recoupment by the Program Contractor. See also Section D, Paragraph 44, Claims Payment System. For a more complete description of the guidelines for hospital reimbursement, please consult the Bidder's Library for applicable statutes and rules.

37. PRIMARY CARE PROVIDER STANDARDS

The Program Contractor shall include in its provider network a sufficient number of PCPs to meet the requirements of this contract. Health care providers designated by the Program Contractor as PCPs shall be licensed in Arizona as allopathic or osteopathic physicians who generally specialize in family practice, internal medicine, gerontology, obstetrics, gynecology, or pediatrics; certified nurse practitioners or certified nurse midwives; or physician's assistants.

The Program Contractor should consider the PCP's total patient panel size (i.e. AHCCCS and non-AHCCCS patients) when assessing the PCP's ability to meet AHCCCS' appointment and other standards. The Program Contractor shall also reduce the number of members assigned to its network PCPs as necessary to meet the appointment standards specified in Section D, Paragraph 38, Appointment Standards. PCPs with assigned members diagnosed with AIDS or as HIV-positive shall meet criteria and standards set forth in AHCCCS Medical Policy and AHCCCS AIDS Advisory Committee Guidelines. PCPs assigned ventilator dependent members shall ensure each member is evaluated annually by a pulmonologist to assess the prospects of weaning the member from dependency on the ventilator.

The Program Contractor shall have a system in place to monitor and ensure that each member is assigned to an individual PCP and that the Program Contractor's data regarding PCP assignments is current. The Program Contractor is encouraged to assign members with complex medical conditions who are age 12 and younger to Board-certified pediatricians. The Program Contractor shall ensure that a child with special health care needs has adequate access to practitioners with experience in treating the child's diagnosed medical condition. Access may be achieved through standing referrals, using experienced providers as PCPs or by other reasonable means.

The Program Contractor shall offer members freedom of choice in selecting a PCP within the Program Contractor's network. When a new member has been assigned to the Program Contractor, the Program Contractor shall inform the member in writing of his enrollment and of his PCP assignment within 12 days of the Program Contractor's receipt of notification of assignment by AHCCCSA. The Program Contractor shall include with the enrollment notification a list of all the Program Contractor's available PCPs and the process for changing the PCP assignment, should the member desire to do so. The Program Contractor shall confirm any PCP change in writing to the member. Members may make both their initial PCP selection and any subsequent PCP changes either verbally or in writing.

At a minimum, the Program Contractor shall hold the PCP responsible for the following gatekeeping activities:

- a. Supervision, coordination and provision of care to each assigned member
- b. Initiation of referrals for medically necessary specialty care
- c. Maintaining continuity of care for each assigned member
- d. Maintaining the member's medical record, including documentation of all services provided to the member by the PCP, as well as any specialty or referral services.

The Program Contractor shall establish and implement policies and procedures to monitor PCP gatekeeping activities and to ensure that PCPs are adequately notified of, and receive documentation regarding, specialty and referral services provided to assigned members by specialty physicians, dentists and other health care professionals. Program Contractor policies and procedures shall be subject to approval by AHCCCSA, Office of Managed Care, and shall be monitored through operational audits. PCPs and specialists who provide inpatient services to the Program Contractor's members shall have admitting and treatment privileges in a minimum of one general acute care hospital that is located within the Program Contractor's service area.

38. APPOINTMENT STANDARDS

The Program Contractor shall have monitoring procedures in place that ensure:

For **PCP appointments**, the Program Contractor shall be able to provide:

- a. Emergency appointments the same day or within 24 hours of the member's phone call or other notification, or as medically appropriate
- b. Urgent care appointments within two days
- c. Routine care appointments within 21 days

For **specialty referrals**, the Program Contractor shall be able to provide:

- a. Emergency appointments within 24 hours of referral
- b. Urgent care appointments within 3 days of referral
- c. Routine care appointments within 30 days of referral

For **behavioral health services**, the Program Contractor shall be able to provide:

- a. Emergency appointments within 24 hours of referral.
- b. Routine appointments within 30 days of referral.

For **dental appointments**, the Program Contractor shall be able to provide:

- a. Emergency appointments within 24 hours
- b. Urgent appointments within 3 days of request
- c. Routine care appointments within 45 days of request

For **medically necessary transportation**, the Program Contractor shall require its transportation provider to schedule the transportation so that the member arrives no sooner than one hour before the appointment and does not have to wait more than one hour after making the call to be picked up after the appointment.

The Program Contractor shall actively monitor provider compliance with appointment standards through methods such as "mystery shopping" and staged scenarios in an effort to reduce the unnecessary use of alternative methods of access to care such as emergency room visits. The Program Contractor shall actively monitor and ensure that a member's waiting time for a scheduled appointment at the PCP's or specialist's office is no more than 45 minutes, except when the provider is unavailable due to an emergency.

The Program Contractor shall have written policies and procedures about educating its provider network about appointment time requirements. Appointment standards shall be included in the Provider Manual.

39. PHYSICIAN INCENTIVES

The Program Contractor must comply with all applicable physician incentive requirements and conditions defined in 42 CFR 417.479. These regulations prohibit physician incentive plans that directly or indirectly make payments to a doctor or a group as an inducement to limit or refuse medically necessary services to a member. The Contractor is required to disclose all physician incentive agreements to AHCCCSA and to AHCCCS members who request them.

The Program Contractor shall not enter into contractual arrangements that place providers at significant financial risk as defined in 42 CFR 417.479 unless specifically approved in advance by the Office of Managed Care. In order to obtain approval, the following must be submitted to the Office of Managed Care 45 days prior to the implementation of the contract:

1. A complete copy of the contract
2. A plan for the member satisfaction survey
3. Details of the stop-loss protection provided
4. A summary of the compensation arrangement that meets the substantial financial risk definition.

The Contractor shall disclose to AHCCCSA the information on physician incentive plans listed in 42 CFR 417.479(h)(1) through 417.479(I) upon contract renewal, prior to initiation of a new contract, or upon request from AHCCCSA or CMS. Please refer to the “Physician Incentive Guidelines” in the Bidder’s Library for details on providing required disclosures.

40. REFERRAL PROCEDURES AND STANDARDS

The Program Contractor shall have adequate written procedures regarding referrals to specialists, to include, at a minimum, the following:

- a. Use of referral forms clearly identifying the Contractor
- b. A system for resolving disputes regarding the referrals
- c. Having a process in place that ensures the member's PCP receives all specialist and consulting reports and a process to ensure PCP follow-up of all referrals including EPSDT referrals for behavioral health services
- d. A referral plan for any member who is about to lose eligibility and who requests information on low-cost or no-cost health care services
- e. Referral to Medicare HMO including payment of copayments

The Program Contractor shall comply with all applicable physician referral requirements and conditions defined in Sections 1903(s) and 1877 of the Social Security Act. Upon finalization of the regulations, the Program Contractor shall comply with all applicable physician referral requirements and conditions defined in 42 CFR Part 411, Part 424, Part 435 and Part 455. Sections 1903(s) and 1877 of the Act prohibits physicians from making referrals for designated health services to health care entities with which the physician or a member of the physician’s family has a financial relationship. Designated health services are:

- Clinical laboratory services
- Physical therapy services
- Occupational therapy services
- Radiology services
- Radiation therapy and supplies
- Durable medical equipment and supplies
- Parenteral and enteral nutrients, equipment and supplies
- Prosthetics, orthotics and prosthetic devices and supplies
- Home health services
- Outpatient prescription drugs
- Inpatient and outpatient hospital services

41. MAINSTREAMING OF ALTCS MEMBERS

To ensure mainstreaming of ALTCS members, the Program Contractor shall take affirmative action so that members are provided covered services without regard to payer source, race, color, creed, sex, religion, age, national origin, ancestry, marital status, sexual preference, genetic information or physical or mental disability.

Program Contractors must take into account a member's culture, when addressing members and their concerns, and must take reasonable steps to encourage subcontractors to do the same. The Program Contractor must also make interpreters available to members to ensure appropriate delivery of covered services.

Examples of prohibited practices include, but are not limited to, the following, in accordance with Title VI of the US Civil Rights Act of 1964, 42 USC, Section 2001 and rules and regulation promulgated according to, or as otherwise provided by law:

- a. Denying or not providing a member any covered service or access to an available facility.
- b. Providing to a member any medically necessary covered service which is different, or is provided in a different manner or at a different time from that provided to other members, other public or private patients or the public at large, except where medically necessary.
- c. Subjecting a member to segregation or separate treatment in any manner related to the receipt of any covered service; restricting a member in any way in his or her enjoyment of any advantage or privilege enjoyed by others receiving any covered service.
- d. The assignment of times or places for the provision of services on the basis of the race, color, creed, religion, age, sex, national origin, ancestry, marital status, sexual preference, income status, AHCCCS membership, or physical or mental disability of the participants to be served.

If the Program Contractor knowingly executes a subcontract with a provider with the intent of allowing or permitting the subcontractor to implement barriers to care (i.e. the terms of the subcontract act to discourage the full utilization of services by some members), the Program Contractor will be in default of its contract.

If the Program Contractor identifies a problem involving discrimination by one of its providers, it shall promptly require and implement a corrective action plan from the provider. Failure to take prompt corrective measures may place the Program Contractor in default of its contract.

42. FEDERALLY QUALIFIED HEALTH CENTERS (FQHCs)

The Contractor is encouraged to use FQHCs in Arizona to provide covered services and must comply with the federal mandates. Section 4712(b)(2) requires that "rates of payment between RQHCs/RHCs and MCOs shall not be less than the amount of payment for a similar set of services with a non-FQHC/RHC." The intention of this provision is to ensure that contractors negotiate rates of payment with FQHCs that are comparable to the rates paid to providers that provide similar services.

In compliance with the Benefits Improvement and Protection Act of 2000 (BIPA), AHCCCSA established a baseline PPS rate for each FQHC. AHCCCSA will adjust the PPS rate annually using the Medicare Economic Index (MEI). AHCCCSA will perform, within 5 months of contract year-end, an annual reconciliation using encounter and reimbursement data submitted by contractors and FQHCs. The reconciliation is a comparison of the total reimbursement to total eligible encounters valued at the PPS rate.

Contractors are required to submit member month information for Title XIX members for each FQHC on a quarterly basis to AHCCCS Office of Managed Care. AHCCCSA and the FQHCs have agreed that AHCCCSA will reimburse each FQHC for Title XIX only members, on a quarterly basis, a per member per month (pmpm) rate that was calculated by inflating the 2001 PPS rate. AHCCCSA will perform periodic audits of

the member month information submitted. Contractors should refer to the Office of Managed Care's policy on FQHC reimbursement for further guidance. The following FQHCs are currently recognized by CMS:

Canyonlands Community Health Care
Chiricahua Community Health Centers, Inc.
Clinica Adelante, Inc.
Desert Senita Community Health Center
El Rio Health Center
Inter-Tribal Health Care Center
Marana Health Center
Mariposa Community Health Center, Inc.
Mountain Park Health Center
Native American Community Health Center, Inc.
Native Americans for Community Action Family Health Center
North Country Community Health Center
Sun Life Family Health Center
Sunset Community Health Center (formerly Valley Health Center, Inc.)
United Community Health Center, Inc.

Any other clinics that subsequently become FQHC's will be subject to the reimbursement methodology described above.

43. MANAGEMENT SERVICES SUBCONTRACTOR FINANCIAL AUDITS

All management services subcontractors are required to have an annual financial audit. A copy of this audit shall be submitted to AHCCCSA, Office of Managed Care, within 120 days after the subcontractor's fiscal year end. If services billed by a consultant or actuary are less than \$50,000.00, AHCCCS will waive the requirement for an audit of that consultant or actuary.

44. CLAIMS PAYMENT SYSTEM

The Program Contractor shall develop and maintain a claims payment system capable of processing, cost avoiding and paying claims in accordance with AHCCCS Rule 9 A.A.C. 28, Article 7 and ARS § 36-2904. In the absence of a subcontract provision to the contrary, claims submission deadlines shall be calculated from the date of service or the effective date of eligibility posting, whichever is later. Remittance advices accompanying the Program Contractor's payments to providers must contain, at a minimum, adequate descriptions of all denials and adjustments, the reasons for such denials and adjustments, the amount billed, the amount paid, and grievance rights. The Program Contractor's claims payment system, as well as its prior authorization and concurrent review process, must minimize the likelihood of having to recoup already-paid claims. Any recoupment in excess of \$50,000 per provider within a contract year must be approved in advance by AHCCCSA, Office of Managed Care.

In accordance with the Balanced Budget Act of 1997, unless a subcontract specifies otherwise, the Contractor shall ensure that 90% of all clean claims are paid within 30 days of receipt of the clean claim and 99% are paid within 90 days of receipt of the clean claim. The Contractor shall not require subcontracting providers to initially submit claims earlier than 6 months after date of service or to submit clean claims earlier

than 12 months after date of service for which payment is claimed, unless a subcontract exists which specifies otherwise.

During the term of this contract, AHCCCSA anticipates requiring all Program Contractors to use a standardized electronic format for electronic claims processing between the Program Contractor and its providers. AHCCCSA plans to require the formats outlined in the Technical Interface Guidelines under *Claims Processing*, which is the format adopted by FFS providers and their billing agents who submit claims electronically to AHCCCS. The form UB-92 and 1500 layouts will be supplemented by a Form C layout. All formats are subject to changes as required by federal law. Reasonable implementation timeframes will be negotiated with the Program Contractor.

Program Contractors must have procedures for either pre-payment or post-payment claims review that includes review of supporting documentation such as medical records, home health visit notes, in addition to authorizations. Program Contractors shall submit their policy and procedures for pre-payment or post-payment claims review to AHCCCS, Office of Managed Care, for review and approval.

45. MINIMUM CAPITALIZATION REQUIREMENTS

In order to be considered for contract award, the Offeror must meet a minimum capitalization requirement for each GSA bid. The capitalization requirement for both new and continuing offerors must be met within 30 days after contract award.

Minimum capitalization requirements by GSA are as follows:

Geographic Service Area (GSA)	# Members as of (January 1, 2001)	Potential Awards	Proposed Capitalization Requirement (rounded)
Maricopa	10,362	3	\$2,500,000
Mohave/Coconino/Apache/Navajo	1,078	1	\$ 800,000
La Paz/Yuma	555	1	\$ 425,000
Pima/Santa Cruz	3,168	2	\$ 1,200,000
Cochise/Graham/Greenlee	819	1	\$ 600,000
Pinal/Gila	937	1	\$ 700,000
Yavapai	884	1	\$ 650,000

Please note that GSAs with more than one potential Program Contractor has the recommended capitalization divided by the number of potential contractors in that county.

New Offerors: To be considered for a contract award in a given GSA or group of GSAs, a new offeror must meet the minimum capitalization requirements listed above. The capitalization requirement is subject to a \$5,000,000 ceiling regardless of the number of GSAs awarded. This requirement is in addition to the Performance Bond requirements defined in Paragraphs 46 and 47 below and must be met with cash with no encumbrances, such as a loan subject to repayment. The capitalization requirements may be applied toward meeting the equity per member requirement (see Section D, Paragraph 52. Financial Viability Criteria) and is intended for use in operations of the Contractor.

Continuing Offerors: Continuing offerors that are bidding a county or GSA that they are currently servicing must meet the equity per member standard (see Section D, Paragraph 52. Financial Viability Criteria) for their current membership. Continuing offerors that do not meet the equity standard must fund through capital contribution the necessary amount to meet this requirement. Continuing offerors that are bidding a new GSA must provide the additional capitalization for the new GSA they are bidding. (See the table of requirements by GSA above). Continuing offerors will not be required to provide additional capitalization if they currently meet the equity per member standard with their existing membership and their excess equity is sufficient to cover the proposed additional members, or they have at least \$5,000,000 in equity.

46. PERFORMANCE BOND OR BOND SUBSTITUTE

In addition to the minimum capitalization requirements, the Program Contractor shall be required to establish and maintain a performance bond of standard commercial scope issued by a surety company doing business in this state, an irrevocable letter of credit, or a cash deposit to AHCCCSA for as long as the Program Contractor has AHCCCS-related liabilities of \$50,000 or more outstanding, or 15 months following the termination date of this contract, whichever is later, to guarantee: (1) payment of the Program Contractor's obligations to providers, and (2) performance by the Program Contractor of its obligations under this contract. The performance bond shall be in a form acceptable to AHCCCSA as described in the AHCCCS Performance Bond Policy available in the bidder's library.

In the event of a default by the Program Contractor, AHCCCSA shall, in addition to any other remedies it may have under this contract, obtain payment under the performance bond or substitute security for the purposes of the following:

- a. Paying any damages sustained by providers, contracted or otherwise, because of a breach of the Program Contractor's obligations under this contract;
- b. Reimbursing AHCCCSA for any payments made by AHCCCSA on behalf of the Program Contractor; and
- c. Reimbursing AHCCCSA for any extraordinary administrative expenses incurred by reason of a breach of the Program Contractor's obligations under this contract, including, but not limited to, expenses incurred after termination of this contract for reasons other than the convenience of the state by AHCCCSA.

In the event AHCCCSA agrees to accept substitute security in lieu of the performance bond, irrevocable letter of credit or cash deposit, the Program Contractor agrees to execute any and all documents and perform any and all acts necessary to secure and enforce AHCCCSA's security interest in such substitute security including, but not limited to, security agreements and necessary UCC filings pursuant to the Arizona Uniform Commercial Code. In the event such substitute security is agreed to and accepted by AHCCCSA, the Program Contractor acknowledges that it has granted AHCCCSA a security interest in such substitute security to secure performance of its obligations under this contract. The Program Contractor is solely responsible for establishing the credit-worthiness of all forms of substitute security. AHCCCSA may, after written notice to the Program Contractor, withdraw its permission for substitute security, in which case the Program Contractor shall provide AHCCCSA with a form of security described above. The Program Contractor may not change the amount, duration or scope of the performance bond without prior approval from AHCCCSA, Office of Managed Care.

The Program Contractor shall not leverage the bond for another loan or create other creditors using the bond as security.

47. AMOUNT OF PERFORMANCE BOND

The initial amount of the performance bond shall be equal to 110% of the total capitation payment (Full Long Term care and Acute Care Only) expected to be paid in the month of October or as determined by AHCCCSA. This requirement must be satisfied by the Program Contractor no later than 15 days after notification by AHCCCSA of the amount required. Thereafter, AHCCCSA shall evaluate the enrollment statistics of the Program Contractor on a monthly basis. If there is an increase in capitation payment that exceeds 10% of the initial performance bond amount, AHCCCSA may require an increase in the amount of the performance bond. The Program Contractor shall have 30 days following notification by AHCCCSA to increase the amount of the performance bond. The Performance Bond amount that must be maintained after the contract term shall be sufficient to cover all outstanding liabilities and will be determined by AHCCCSA. The Program Contractor may not change the amount of the Performance Bond without prior written approval from AHCCCSA, Office of Managed Care.

48. ACCUMULATED FUND DEFICIT

The Program Contractor and its owners shall fund any accumulated fund deficit through capital contributions in a form acceptable to AHCCCSA within 60 days after receipt by AHCCCSA of the final audited financial statement or as otherwise requested by AHCCCSA.

49. MANAGEMENT SERVICES SUBCONTRACTORS

All proposed management services subcontracts, and/or corporate cost allocation plans must be approved in advance by AHCCCSA, Office of Managed Care as described in Paragraph 33, Subcontracts. Cost allocation plans must be submitted with the proposed management fee agreement. AHCCCSA reserves the right to perform a thorough review of actual management fees charged and/or corporate allocations made. If the fees or allocations are determined to be unjustified or excessive, amounts may be subject to repayment to the Program Contractor. In addition, the Program Contractor may be placed on monthly financial reporting and financial sanctions may be imposed.

50. ADVANCES, DISTRIBUTIONS, LOANS AND INVESTMENTS

The Program Contractor shall not, without the prior approval of AHCCCSA, make any advances to a related party or subcontractor. The Program Contractor shall not, without similar prior approval, make any distribution, loan or loan guarantee to any entity, including another fund or line of business within its organization. All investments, other than investments in U.S. Government securities or Certificates of Deposit, also require AHCCCSA prior approval. All requests for prior approval are to be submitted to the Office of Managed Care.

51. PARAGRAPH INTENTIONALLY LEFT BLANK

52. FINANCIAL VIABILITY STANDARDS and PERFORMANCE GUIDELINES

AHCCCSA has established the following financial viability Standards/Performance Guidelines. These guidelines are a guide for AHCCCSA to monitor the financial health of its contractors. If a program contractor is not in compliance with one of the standards, it will not be interpreted as a serious breach of contract. Please note that AHCCCSA considers the current ratio and equity per member standards as the best indicators

of financial health. Therefore, if a contractor doesn't meet these two ratios, additional monitoring may be required.

Financial Viability Standards

Current Ratio

(Current assets divided by current liabilities. Current assets include any long-term investments that can be converted to cash within 24 hours without significant penalty, i.e., greater than 20%).

Standard: At least 1.00

Equity per Member

(Equity, less on-balance sheet performance bond, divided by the number of members at the end of the period)

Standard: At least \$2,000

Performance Guidelines

Medical Expense Ratio

Total medical expense and case management (net of reinsurance, TPL, HIV/AIDS Supplement) divided by total capitation

Standard: At least 85%

Total Administrative Cost Percentage

(Total administrative expenses, (excluding case management and income taxes) divided by total capitation + TPL +reinsurance + HIV/AIDS supplement

Standard: No more than 8%

Received But Unpaid Claims Days Outstanding

(Received but unpaid claims divided by the average daily medical expenses for the period, net of sub-capitation expense)

Standard: No more than 30 days

53. SEPARATE INCORPORATION

Within 60 days of contract award, a non-governmental Program Contractor shall have established a separate corporation for the purposes of this contract, whose sole activity is the performance of contract function with AHCCCS.

54. MERGER, REORGANIZATION AND CHANGE OF OWNERSHIP

A proposed merger, reorganization or change in ownership of the Program Contractor shall require prior approval of AHCCCSA and a subsequent contract amendment. The Program Contractor must submit a detailed merger, reorganization and/or transition plan to AHCCCSA, Office of Managed Care, for AHCCCSA review. The purpose of the plan review is to ensure uninterrupted services to members, evaluate the new entity's ability to perform the contract requirements, ensure that services to members are not diminished and

that major components of the organization and AHCCCS programs are not adversely affected by such merger, reorganization or change in ownership.

55. RELATED PARTY TRANSACTIONS

Any proposed subcontract involving a related party or entity requires prior approval from AHCCCSA, Office of Managed Care. The minimum information required on ownership and control in related party transactions is set by federal law (42 CFR 455.100 through 455.106) and the Program Contractor shall disclose all required information, justify all related party transactions reported, and certify the accuracy and completeness of the disclosures made. The Program Contractor shall demonstrate that transactions occurring between the provider and a related party-in-interest are reasonable, will not adversely affect the fiscal soundness of the Program Contractor, and do not present a conflict of interest.

56. COMPENSATION

The forms of compensation under this contract will be Prior Period Coverage (PPC) capitation, prospective capitation, HIV-AIDS supplement, reinsurance (PPC and prospective), and payments from liable first and third parties, as described and defined within this contract and appropriate laws, regulations or policies.

Subject to the availability of funds, AHCCCSA shall make payments to the Program Contractor in accordance with the terms of this contract provided that the Program Contractor's performance is in compliance with the terms and conditions of this contract. Payment must comply with requirements of ARS Title 36. AHCCCSA reserves the option to make payments to the Program Contractor by wire or National Automated Clearing House Association (NACHA) transfer and will provide the Program Contractor at least 30 days notice prior to the effective date of any such change.

Where payments are made by electronic funds transfer, AHCCCSA shall not be liable for any error or delay in transfer nor indirect or consequential damages arising from the use of the electronic funds transfer process. Any charges or expenses imposed by the bank for transfers or related actions shall be borne by the Program Contractor. Except for adjustments made to correct errors in payment, and as otherwise specified in this Section, any savings remaining to the Program Contractor as a result of favorable claims experience and efficiencies in service delivery at the end of the contract term may be kept by the Program Contractor.

All funds received by the Program Contractor pursuant to this contract shall be separately accounted for in accordance with generally accepted accounting principles.

Except for funds received from the collection of permitted copayments and third-party liabilities, the only source of payment to the Program Contractor for the services provided hereunder is the Arizona Health Care Cost Containment System Fund, as described in ARS §36-2913. An error discovered by the State with or without an audit in the amount of fees paid to the Program Contractor will be subject to adjustment by either deducting from or adding to a future capitation payment.

No payment due the Program Contractor by AHCCCSA may be assigned by the Program Contractor. This section shall not prohibit AHCCCSA at its sole option from making payment to a fiscal agent hired by the Program Contractor.

The Program Contractor or its subcontractors shall collect any required copayment from members but service will not be denied for inability to pay the copayment. Except for permitted copayments and calculated

share of cost, the Program Contractor or its subcontractors shall not bill or attempt to collect any fee from, or for, a member for the provision of covered services. Any required copayments collected shall belong to the Program Contractor or its subcontractors.

Prior Period Coverage (PPC) Capitation: The Program Contractor will be paid capitation for all PPC member months, including partial member months. This capitation includes the cost of providing medically necessary covered services to members during prior period coverage except for HCBS. The PPC capitation rates will be set by AHCCCSA and will be paid to the Program Contractor along with the prospective capitation described below.

Reconciliation of PPC Costs to Reimbursement: AHCCCSA will offer a reconciliation process for Program Contractors whose total PPC medical experience (excluding administrative and non-operating expenses) is more than 10% higher than the reimbursement associated with PPC (PPC reinsurance and PPC capitation excluding administrative add-on). AHCCCSA will reimburse 100% of the amount in excess of 10% of a Program Contractor's reasonable costs. AHCCCSA may also require Program Contractors to provide documentation to support an audit of the PPC medical expenses and a reconciliation to audited medical expenses. AHCCCSA may recoup from any program contractor, profit amounts in excess of a 10% limit. Refer to the Office of Managed Care's ALTCS PPC Reconciliation Policy for further details of the reconciliation process.

Prospective Capitation: The Program Contractor will be paid capitation for all prospective member months, including partial member months. AHCCCSA will make monthly capitation payments to the Program Contractor for each member enrolled with the Program Contractor on the first of the month as payment in full for any and all covered services provided to the member. Payment shall be made no later than the fifth working day of the month for which payment is due. For members enrolled at any time after the beginning of the month's payment cycle, capitation will be prorated from the effective date of enrollment through the remainder of the month of enrollment.

The Program Contractor may receive two types of prospective capitation for non-ventilator dependent members: Full Long Term Care capitation and Acute Care Only capitation.

Full Long Term Care capitation is paid for those members who are receiving long term care services and reside in a nursing facility, a certified home and community based setting or their own home. At a minimum, the member must receive long term care services at least once every 30 days.

Long Term Care Acute Care Only capitation is paid for those members who are: residing in an uncertified facility; refusing long term care services; awaiting disenrollment from the ALTCS program; or have not received long term care services for more than 30 days. Chapter 1600 of the *AMPM*, Chapter 1600 of the ALTCS Eligibility Manual and Paragraph 16 Case Management, subparagraph 12 of this contract, describes the Program Contractor's reporting responsibility regarding ALTCS members who meet this criteria.

HCBS Assumed Mix and Recoupment

The Program Contractor's capitation rate is based in part on the assumed ratio ("mix") of HCBS member months to the total number of member months (i.e. HCBS + institutional). At the end of the contract year, AHCCCSA will compare the *actual* HCBS member months to the *assumed* HCBS percentage that was used to calculate the full long term care capitation rate for that year. Member months for those members who received acute care services only or ventilator dependent members are not included in this reconciliation. If the Program Contractor's actual HCBS percentage is different than the assumed percentage, AHCCCSA will recoup (or reimburse) the difference between the institutional capitation rate and the HCBS capitation rate for

the number of member months which exceeded (or was less than) the assumed percentage. This reconciliation will be made in accordance with the following schedule:

Percent <i>in excess of</i> assumed percentage:	Amount to be recouped:
0 - 0.5 percentage points	0% of capitation overpayment
0.51 - 1.99	percentage points 20% "
2 or more percentage points	30% "

If the Program Contractor's actual HCBS percentage is *less* than the assumed percentage, AHCCCSA will reimburse a portion of the difference between the institutional rate and the HCBS capitation rate for the number of member months lower than the assumed percentage. This reimbursement will be made in accordance with the following schedule:

Percent <i>lower than</i> assumed percentage:	Amount to be reimbursed:
0 - 0.5 percentage points	0% of capitation underpayment
0.51 - 1.99	percentage points 20% "
2 or more percentage points	30% "

HIV-AIDS Supplement: On a quarterly basis, the Contractor shall submit to AHCCCSA, Office of Managed Care, an unduplicated monthly count of members, by rate code, who are using approved HIV/AIDS drugs. The report shall be submitted, along with the quarterly financial reporting package, within 60 days after the end of each quarter. The rate of reimbursement for this separate per member per month payment is specified in Section B and is subject to review during the term of the contract. AHCCCSA reserves the right to recoup any amounts paid for ineligible members as well as an associated penalty for incorrect encounter reporting.

Refer to the Office of Managed Care’s HIV/AIDS supplemental payment and review policies for further details and requirements.

Other: Contractors shall increase their total Nursing Facility expenditures by the amount of the weighted AHCCCS fee for service increase for nursing facility services. The Contractor has the discretion to pass through the increase in the aggregate rather than increase each facility by the amount of the fee schedule increase. For urban counties, the increase is 7.1% and for rural counties, the increase is 9.6%. AHCCCS will review financial and encounter reporting to verify the pass through. The Contractor may be required to justify spending that does not at least equal the fee for service rate increase.

57. VENTILATOR DEPENDENT REIMBURSEMENT RATES

The Program Contractor will be paid on a capitated basis for ventilator-dependent (VD) members. Two different capitation rates will be paid, one for members who are placed in Home and Community Based Services, the other for members who are placed in approved ALTCS institutional settings. These rates are set by AHCCCSA.

AHCCCSA will capitate the Program Contractor monthly using the capitation rate for ventilator dependent members placed in a Home and Community Based setting. On a quarterly basis, AHCCCSA will reimburse the Program Contractor the difference in capitation rates for those ventilator dependent members who were placed in institutions. For example:

HCBS VD capitation rate:	\$7,000
Institutional VD capitation rate:	\$12,000
Institutional VD member months for quarter	35
Additional capitation due Program Contractor:	
	35 x (\$12,000 - \$7,000) = \$175,000

58. REINSURANCE

Regular Reinsurance: Reinsurance is a stop-loss program provided by AHCCCSA to the Program Contractor for the partial reimbursement of covered medical services as described in this paragraph and incurred for a member beyond an annual deductible. AHCCCSA is self-insured for the reinsurance program and is characterized by an initial deductible level and a subsequent coinsurance percentage (see table below). The coinsurance percent is the rate at which AHCCCSA will reimburse the Program Contractor for covered services incurred above the deductible. The deductible is the responsibility of the Program Contractor. Deductible levels are subject to change by AHCCCSA during the term of this contract. Any change would have a corresponding impact on capitation rates.

a) Prospective Reinsurance: Prospective reinsurance covers all medically necessary acute care services, outpatient and inpatient hospitalizations. Prospective reinsurance coverage applies to prospective enrollment periods. The deductible level is based on the Program Contractor’s statewide ALTCS enrollment as of October 1st of each contract year.

b) Prior Period Coverage Reinsurance: A separate reinsurance deductible and coinsurance percentage applies during prior period coverage. The reinsurance deductible for all members is \$5,000 and the coinsurance percentage is 100% (i.e. AHCCCSA is 100% liable after the deductible is met). Expenses incurred during prior period coverage will not apply toward the prospective reinsurance threshold.

Statewide Plan Enrollment	Prospective Reinsurance			PPC Reinsurance	
	Deductible With Medicare Part A	Deductible Without Medicare Part A	Coinsurance	All Members	Coinsurance
0-1,999	\$ 10,000	\$ 20,000	75%	\$5,000	100%
2,000 +	\$20,000	\$30,000	75%	\$5,000	100%

Catastrophic Reinsurance: The reinsurance program includes a special reinsurance program. This program encompasses members diagnosed with hemophilia, von Willebrand’s Disease, Gaucher’s Disease and those considered by OMM to be high-cost behavioral health or traumatic brain injured (TBI). For additional detail and restrictions refer to the *AHCCCSA Reinsurance Claims Processing Manual* and the *AMPM*. There are no deductibles for catastrophic reinsurance cases. All catastrophic claims are subject to medical review by AHCCCSA. The determination of whether a case or type of case is catastrophic shall be made by the Director or designee based on the following criteria; 1) severity of medical condition, including prognosis; and 2) the average cost or average length of hospitalization and medical care, or both, in Arizona for the type of case under consideration.

Effective October 1, 2000, Program Contractors will be reimbursed 100% for all medically necessary covered expenses provided in a contract year, after a catastrophic reinsurance case reaches \$650,000. This additional reimbursement will limit a Program Contractor's medical expenses to \$97,500 per catastrophic case.

HEMOPHILIA: When an eligible member is deemed as being catastrophically eligible by AHCCCSA due to the specific diagnosis of hemophilia (ICD9 286.0, 286.1, and 286.2), all medically necessary covered services provided during the contract year shall be eligible for reimbursement at 85% of the Program Contractor's paid or AHCCCSA allowed amount.

von WILLEBRAND'S DISEASE: Catastrophic reinsurance coverage is available for all members diagnosed with von Willebrand's Disease (vWD) who are non-DDAVP responders and dependent on Plasma Factor VIII. All medically necessary covered services provided during the contract year shall be eligible for 85% of the Program Contractor's paid or AHCCCSA allowed amount.

GAUCHER'S DISEASE: Catastrophic reinsurance coverage is available for members diagnosed with Gaucher's Disease classified as Type I, and are dependent on enzyme replacement therapy. Medically necessary covered services provided during the contract year shall be eligible for 85% of the Program Contractor's paid or AHCCCSA allowed amount.

HIGH COST BEHAVIORAL HEALTH/TRAUMATIC BRAIN INJURY: Members considered by the OMM to be high-cost behavioral health or TBI will also be covered under catastrophic reinsurance using separate guidelines. In order to qualify for reinsurance reimbursement consideration, placement into an institutional or HCBS setting for these members must be approved by OMM. Behavioral health/TBI reinsurance will cover the institutional or HCBS setting only. Acute care services and all other ALTCS services are not covered by catastrophic TBI reinsurance but are covered under regular reinsurance as described above, subject to applicable deductible levels and coinsurance percentages. The Program Contractor will be reimbursed at 75% of allowable payments with no deductible. High cost behavioral health/TBI services are further defined in the *AMPM*.

Required Notice: The Program Contractor shall notify AHCCCSA, OMM, Reinsurance Section, of the above cases identified for catastrophic reinsurance coverage within 30 days of (a) initial diagnosis, (b) enrollment with the Program Contractor, and/or (c) the beginning of each contract year. Catastrophic reinsurance will be paid for a maximum thirty-day retroactive period from the date of notification to the OMM, Reinsurance Section.

Transplants: This program covers members who are eligible to receive covered major organ and tissue transplantation including bone marrow, heart, heart/lung, lung, liver, kidney and other organ transplantation. Bone grafts and cornea transplantation services are not eligible for transplant reinsurance coverage but are eligible under the regular reinsurance program. Refer to *AMPM*, for covered services for organ and tissue transplants. Reinsurance coverage for transplants is limited to 85% of the AHCCCS contract amount for the transplantation services rendered, or 85% of the Program Contractor-paid amount, whichever is lower. The AHCCCS contracted transplantation rates may be found in the Bidder's Library. When a member is referred to a transplant facility for an AHCCCS covered organ transplant, the Program Contractor shall notify the OMM, Reinsurance Section.

Encounters:

a) Encounter Submission: A Program Contractor shall prepare, review, verify, certify, and submit, encounters for consideration to AHCCCSA. Upon submission, the contractor certifies that the services listed were actually rendered, medically necessary, and within the scope of AHCCCS benefits. The encounters must be submitted in the format prescribed by AHCCCSA. The Program Contractor must initiate and evaluate an encounter for probable 1st and 3rd party liability before submitting the encounter for reinsurance consideration, unless the encounter involves underinsured or uninsured motorist liability insurance, 1st and 3rd party liability or a tortfeasor.

The Program Contractor must maintain evidence that costs incurred have been paid by the Contractor before submitting reinsurance encounters. This information is subject to AHCCCSA review. Collections from 1st and 3rd parties should be reflected by the Program Contractor as reductions in the encounters submitted on a dollar-for-dollar basis. For purposes of AHCCCSA reinsurance, payments made by contractor-purchased reinsurance are not considered 1st and 3rd party collections.

All reinsurance claims must reach a clean claim status within fifteen months from the end date of service, or date of eligibility posting, whichever is later.

b) Encounter Processing: AHCCCSA will accept for processing only those encounters that are submitted directly by an AHCCCS Program Contractor and that comply with the AHCCCS Encounter Manual.

c) Payment of Regular Reinsurance Cases: AHCCCSA will reimburse a Program Contractor for costs incurred in excess of the applicable deductible level and subject to coinsurance percentages. AHCCCSA will use all medically necessary acute care services and inpatient hospitalization encounter data to determine prospective and prior period coverage reinsurance benefits. Reimbursement for these reinsurance benefits will be made to the Program Contractor each month. AHCCCSA will also provide for a reconciliation of reinsurance payments in the case where encounters used in the calculation of reinsurance benefits are subsequently adjusted or voided.

The amount applied against the deductible shall be determined by the costs paid by the Contractor, or if under a subcapitated arrangement, the lower of the AHCCCS fee schedule or the reported health plan paid amount.

Amounts in excess of the deductible level shall be paid based upon costs paid by the Program Contractor, minus the coinsurance unless the costs are paid under a subcapitated arrangement. In subcapitated arrangements, the Administration shall base reimbursement of reinsurance encounters on the lower of the AHCCCS allowed amount or the reported health plan paid amount, whichever is lower, minus the coinsurance and Medicare/TPL payment and applicable quick pay discounts.

d) Payment of Catastrophic Reinsurance Cases: AHCCCSA will reimburse the Program Contractor for all eligible costs incurred, subject to coinsurance percentages if applicable. AHCCCSA will use encounter data to determine reinsurance benefits. Reimbursement for these reinsurance benefits will be made to the Program Contractor each month. AHCCCSA will also provide for a reconciliation of reinsurance payments in the case where encounters used in the calculation of reinsurance benefits are subsequently adjusted or voided.

e) Payment of Transplant Reinsurance Cases: Reinsurance benefits are based upon the lower of the AHCCCS contract amount or the Program Contractor's paid amount, subject to coinsurance percentages. While encounter data is not used to determine reinsurance payments for transplant services, the Program Contractor is required to encounter all services provided for which a financial liability is incurred. Please refer to the Reinsurance Claims Processing Manual for the appropriate billing of transplant services. Reimbursement for these reinsurance benefits will be made to the Program Contractor each month.

Reinsurance Audits: AHCCCSA may limit reinsurance reimbursement to a lower or alternative level of care if the Director or designee determines that the less costly alternative could and should have been used by the contractor. Medical audits on regular reinsurance cases will be determined based on statistically valid retrospective random sampling. The AHCCCSA, Office of Medical Management, will generate the sampling and notify the Program Contractor of documentation needed for the retrospective review process to occur at Program Contractor's office. Reinsurance consideration will be given to inpatient facility contracts and hearing decisions rendered by the Office of Legal Assistance. Pre hearing settlements and/or hearing penalties discoverable during the audit process will not be reimbursed under reinsurance. A partial recoupment of reinsurance reimbursements made to the Program Contractor may occur based on the results of the medical audit sampling. The results of the medical audit sampling may be separately extrapolated to the entire prospective and prior period coverage reinsurance reimbursement populations in the audit timeframe for the Program Contractor. AHCCCSA will provide the Program Contractor at least 45 days advance notice of any such audit and all requested information shall be available on-site during the audit. Any documents not requested in advance by AHCCCSA shall be made available upon requested of the Audit Team during the course of the audit. The Program Contractor representative shall be available to the Audit Team at all times during AHCCCSA on-site audit activities. While on-site, the Program Contractor shall provide the Audit Team with workspace, access to a telephone, electrical outlets and privacy for conferences. Program Contractor will be furnished a copy of the Reinsurance Post-Audit Results letter within approximately 60 days of the onsite audit and given an opportunity to comment and provide additional medical documentation on any audit findings. A Program Contractor whose reinsurance case is reduced or denied shall be notified in writing by AHCCCSA and will include the cause for the reduction or denial and describe the applicable grievance and appeal process available. AHCCCS reserves the right to sanction the Program Contractor for reinsurance audit exceptions.

59. CAPITATION ADJUSTMENTS

Except for changes made specifically in accordance with this contract, the rates set forth in Section B shall not be subject to re-negotiation or modification during the contract period. AHCCCSA may, at its option, review the effect of a program change and determine if a capitation adjustment is needed. In these instances the adjustment will be prospective with assumptions discussed with the Program Contractor prior to modifying capitation rates. The Program Contractor may request a review of a program change if it believes the program change was not equitable; AHCCCSA will not unreasonably withhold such a review.

If the Program Contractor is in any manner in default in the performance of any obligation under this contract, AHCCCSA may, at its option and in addition to other available remedies, adjust the amount of payment until there is satisfactory resolution of the default. The Program Contractor shall reimburse AHCCCSA and/or AHCCCSA may deduct from future monthly capitation for any portion of a month during which the Program Contractor was not at risk due to, for example:

- a. death of a member
- b. member's incarceration (not eligible for AHCCCS/ALTCS benefits from date of incarceration)
- c. duplicate capitation to the same Program Contractor
- d. adjustment based on change in member's contract type

If a member is enrolled twice with the same Program Contractor, recoupment will be made as soon as the double capitation is identified. AHCCCSA reserves the right to modify its policy on capitation recoupments at any time during the term of this contract.

60. MEMBER SHARE OF COST

ALTCS members are required to contribute toward the cost of their care based on their income and type of placement. Some members, either because of their limited income or the methodology used to determine the share of cost, have a share of cost in the amount of \$0.00. Generally, only institutionalized ALTCS members have a share of cost. Certain HCBS ALTCS members may be liable for a share of cost, particularly those who become eligible through a special treatment income trust.

The Program Contractor receives monthly capitation payments which incorporate an assumed deduction for the share of cost which members contribute to the cost of care. The Program Contractor is responsible for collecting their members' share of cost. The Program Contractor has the option of collecting the share of cost or delegating this responsibility to the provider. The Program Contractor may transfer this responsibility to nursing facilities, Institutions for Mental Disease for those 65 years of age and older, or Inpatient Psychiatric Facilities for those under 21 years of age, and compensate these facilities net of the share of cost amount. If the Program Contractor delegates this responsibility to the provider, the provider contract must spell out complete details of both parties' obligations in share of cost collection. The Program Contractor must establish a process for collecting the share of cost from HCBS members when a share of cost is assessed, including the transfer of collection responsibility to the HCBS provider. The Program Contractor or its subcontractors shall not assess late fees for the collection of the share of cost from members.

At the end of the contract year, AHCCCSA will compare actual Share of Cost assignment to the Share of Cost assignment assumed in the calculation of the capitation rate. Assumed Share of Cost will be fully reconciled to actual Share of Cost Assignment, and AHCCCSA will either recoup or refund the total difference, as applicable. This share of cost reconciliation may, at AHCCCSA's sole discretion, be performed more frequently than once per year.

61. COPAYMENTS

The Program Contractor is responsible for the collection of copayments from members in accordance with AHCCCS Rule 9 A.A.C. 28, Article 2 and Paragraph 56. Compensation. The Program Contractor may not collect copayments for family planning and EPSDT services.

62. VACCINE FOR CHILDREN PROGRAM

Through the Vaccine For Children Program (VFC) federal and state governments' purchase, and make available to providers free of charge, vaccines for AHCCCS children under age 19. Therefore, the Program Contractor shall not utilize AHCCCS funding to purchase vaccines for members under the age of 19. If vaccines are not available through the VFC Program, the Program Contractor shall contact AHCCCS, Office of Medical Management, Clinical Quality Management Unit. Any provider licensed by the State to administer immunizations may register with ADHS as a "VFC provider" and receive free vaccines. The Program Contractor shall comply with all VFC requirements and monitor its providers to ensure that, if providing immunizations to members under the age of 19, the providers are registered with ADHS/VFC.

63. COORDINATION OF BENEFITS/THIRD PARTY LIABILITY

By law, AHCCCS is the payer of last resort. This means AHCCCS shall be used as a source of payment for covered services only after all other sources of payment have been exhausted. The two methods used in the

coordination of benefits are cost avoidance and postpayment recovery. The Contractor shall use these methods as described in AHCCCS Rules, 9 A.A.C. 28, Article 9. See also Section D, Paragraph 64. Medicare Services and Cost Sharing.

The Program Contractor shall notify the Division of Member Services, Member File Integrity Section, if a member drops a Third Party insurance or obtains health insurance.

Cost Avoidance: The Program Contractor shall cost-avoid all claims or services that are subject to third-party payment and may deny a service to a member if it knows that a third party (i.e. other insurer) will provide the service. However, if a third-party insurer, other than Medicare, requires the member to pay any copayment, coinsurance or deductible, the Program Contractor is responsible for making these payments, even if the services are provided outside of the Program Contractor's network. The Program Contractor's liability for coinsurance and deductibles is limited to what the Program Contractor would have paid for the entire service pursuant to a written contract with the provider or the AHCCCS fee-for-service rate, less any amount paid by the third party. (The Program Contractor must decide whether it is more cost-effective to provide the service within its network or pay coinsurance and deductibles for a service outside its network. For continuity of care, the Program Contractor may also choose to provide the service within its network.) If the Program Contractor refers the member for services to a third-party insurer, and the insurer requires payment in advance of all copayments, coinsurance and deductibles, the Program Contractor must make such payments in advance.

If the Program Contractor knows that the third party insurer will neither pay for nor provide the covered service, and the service is medically necessary, the Program Contractor shall not deny the service nor require a written denial letter. If the Program Contractor does not know whether a particular service is covered by the third party, and the service is medically necessary, the Program Contractor shall contact the third party and determine whether or not such service is covered rather than requiring the member to do so.

The requirement to cost-avoid applies to all AHCCCS covered services. For pre-natal care and preventive pediatric services, AHCCCS may require the Program Contractor to provide such service and then coordinate payment with the potentially liable third party ("pay and chase"). In emergencies, the Program Contractor shall provide the necessary services and then coordinate payment with the third-party payer. The Program Contractor shall also provide medically necessary transportation so the member can receive third-party benefits. Further, if a service is medically necessary, the Program Contractor shall ensure that its cost avoidance efforts do not prevent a member from receiving such service and that the member shall not be required to pay any coinsurance or deductibles for use of the other insurer's providers.

Postpayment Recoveries: Postpayment recovery is necessary in cases where the Program Contractor was not aware of third-party coverage at the time services were rendered or paid for, or was unable to cost avoid. The Program Contractor shall identify all potentially liable third parties and pursue reimbursement from them except in the circumstances below. The Program Contractor shall not pursue reimbursement in the following circumstances unless the case has been referred to the Program Contractor by AHCCCSA or AHCCCSA's authorized representative:

Uninsured/ underinsured motorist insurance	<u>Restitution</u> recovery
First and third-party liability insurance	Estate recovery
Tortfeasors, <u>including</u> casualty	Worker's Compensation
Special Treatment Trusts recovery	

The Program Contractor shall report any cases involving the above circumstances to AHCCCSA's authorized representative should the Program Contractor identify such a situation. See AHCCCS Rule 9 A.A.C. 28,

Article 9. The Program Contractor shall cooperate with AHCCCSA's authorized representative in all collection efforts. In joint cases involving both AHCCCS fee-for-service or reinsurance and the Program Contractor, AHCCCSA's authorized representative is responsible for performing all research, investigation and payment of lien-related costs, subsequent to the referral of any and all relevant case information to AHCCCSA's authorized representative by the Program Contractor. AHCCCSA's authorized representative is also responsible for negotiating and acting in the best interest of all parties to obtain a reasonable settlement in joint cases and may compromise a settlement in order to maximize overall reimbursement, net of legal and other costs. For total plan cases involving only payments from the Program Contractor, the Program Contractor is responsible for performing all research, investigation, the filing of liens and payment of lien filing fees and other related costs. Program Contractors shall use the cover sheet as prescribed by AHCCCS when filing liens.

The Program Contractor may retain up to 100% of its third-party collections if all of the following conditions exist:

- a. Total collections received do not exceed the total amount of the Program Contractor's financial liability for the member;
- b. There are no payments made by AHCCCS related to fee-for-service, reinsurance or administrative costs (i.e. lien filing, etc.); and
- c. Such recovery is not prohibited by state or federal law

Reporting: The Program Contractor may be required to report case level detail of third-party collections and cost avoidance, including number of referrals on total plan cases. In addition, upon AHCCCSA's request, the Program Contractor shall provide an electronic extract of the Casualty cases, including open and closed cases. Data elements include, but are not limited to: the member's first and last name; AHCCCS ID; date of incident; claimed amount; paid/recovered amount; and case status. The AHCCCSA TPL Section shall provide the format and reporting schedule for this information to the Program Contractor. The Program Contractor shall notify AHCCCSA's authorized representative within five working days of the identification of a third-party liability case with known reinsurance (often referred to as joint liability cases). Failure to report reinsurance cases may result in one of the remedies specified in Section D, Paragraph 80, Sanctions. The Program Contractor shall communicate any known change in health insurance information, including Medicare, to AHCCCS Administration, Division of Member Services, not later than 10 days from the date of discovery using the AHCCCS Third-Party Coverage Form found in the Bidder's Library.

AHCCCSA will provide the Program Contractor, on an agreed upon schedule, with a complete file of all third-party coverage information for the purpose of updating the Program Contractor's files. The Program Contractor shall notify AHCCCSA of any known changes in coverage within deadlines and in a format prescribed by AHCCCSA.

Contract Termination: Upon termination of this contract, A Program Contractor will complete the existing third-party liability cases or make any necessary arrangements to transfer the cases to AHCCCSA's authorized TPL representative.

64. MEDICARE SERVICES AND COST SHARING

AHCCCS has members enrolled who are eligible for both Medicaid and Medicare. These members are referred to as "dual eligibles". Generally, program contractors are responsible for payment of Medicare coinsurance and/or deductibles for covered services provided to dual eligible members within the Program Contractor's network. However, there are different cost sharing responsibilities that apply to dual eligible

members based on a variety of factors. The Program Contractor is responsible for adhering to the cost sharing responsibilities presented in AHCCCS *Medicare Cost Sharing* policy. Program Contractors shall have no cost sharing obligation if the Medicare payment exceeds what the Program Contractor would have paid for the same service for a non-Medicare member.

65. MARKETING

The Program Contractor shall submit all proposed marketing and outreach materials and events that will involve the general public to the AHCCCS Marketing Committee for prior approval in accordance with AHCCCS rules and the *AHCCCS Health Plan Marketing* Policy, a copy of which is available in the Bidder's Library. The Program Contractor must have signed contracts with hospitals, PCPs, specialists, pharmacies, nursing facilities and residential placement options (i.e., adult foster home, assisted living homes and centers, Alzheimer's Treatment Assistive Living Facilities) in order for them to be included in marketing materials.

Marketing material for a GSA with multiple Program Contractors may contain information such as the Program Contractor's philosophy, case management program or other aspects of their program, which may distinguish them from another Program Contractor. As applicable, Program Contractors will be allowed an 11 x 25.5 inch sheet folded twice to form an 8 ½ x 11 inch shape for their direct mail material.

66. MEMBER SURVEYS

AHCCCSA may periodically conduct a survey of a representative sample of the Program Contractor's membership. AHCCCSA will design a questionnaire to assess accessibility, availability and continuity of care with PCPs; communication between members and the Program Contractor; and general member satisfaction with the ALTCS program. To ensure comparability of results, the questions to the members will be the same for all contractors. AHCCCSA will consider suggestions from the Program Contractor for questions to be included in this survey. The results of these surveys will become public information and available to all interested parties upon request. Unless waived by AHCCCSA, the Program Contractor shall perform its own annual general or focused member survey. All such contractor surveys, along with a timeline for the project, must be approved in advance by AHCCCSA. The results, analysis and improvement strategies shall be communicated to the Program Contractor's Member/Provider Council and AHCCCSA when tabulated. Program Contractors are required to include questions related to case manager performance, appointment waiting time, transportation wait times and culturally competent treatment on member surveys and to use personnel other than the case managers to administer the survey.

67. PATIENT TRUST ACCOUNT MONITORING

The Program Contractor shall have a policy regarding on-site monitoring of trust fund accounts for institutionalized members to ensure that expenditures from a member's trust fund comply with federal and state regulations. Suspected incidents of fraud involving the management of these accounts must be reported in accordance with Section D, Paragraph 70. Fraud and Abuse. If a Program Contractor identifies a patient trust account combined with other resources will exceed the \$2,000 resource limit or a balance nearing that limit, they should submit a Member Change Request (MCR) to the ALTCS eligibility office.

68. ADA COMPLIANCE

The Program Contractor shall meet all applicable American with Disabilities Act (ADA) requirements when providing services to members.

69. CULTURAL COMPETENCY

The Program Contractor shall have a Cultural Competency Plan which meets the requirements of the AHCCCS *Cultural Competency Policy*. An annual assessment of the effectiveness of the plan, along with any modifications to the plan, must be submitted to the Office of Managed Care, ALTCS Operations Unit, no later than 45 days after the start of each contract year. The Program Contractor must identify a staff member responsible for the cultural competency plan and inform the Office of Managed Care of that person's identity.

70. FRAUD AND ABUSE

In accordance with A.R.S. Section 36-2918.01, all contractors are required to notify the AHCCCSA, Office of Program Integrity immediately of all suspected fraud or abuse. The contractor agrees to promptly (within ten working days of discovery) inform the Office of Program Integrity in writing of instances of suspected fraud and abuse. This shall include acts of suspected fraud or abuse that were resolved internally but involved AHCCCS funds, contractors or sub-contractors.

As stated in A.R.S. Section 13-2310, incorporated herein by reference, any person who knowingly obtains any benefit by means of false or fraudulent pretenses, representations, promises, or material omissions is guilty of a Class 2 felony.

The contractor agrees to permit and cooperate with any onsite review. A review by the Office of Program Integrity may be conducted without notice and for the purpose of ensuring program compliance.

During the course of the contract year, the AHCCCS contractor shall come into compliance with 42 CFR 438.608. The contractor must have a mandatory compliance program, supported by other administrative procedures, that is designed to guard against fraud and abuse. The compliance program, which shall both prevent and detect suspected fraud and abuse, must include:

1. Written policies, procedures, and standards of conduct that articulate the organization's commitment to comply with all applicable federal and state standards.
2. The designation of a compliance officer and compliance committee.
3. Effective training and education.
4. Effective lines of communication between compliance officer and the organization's employees.
5. Enforcement of standards through well-publicized disciplinary guidelines.
6. Provision for internal monitoring and auditing.
7. Provision for prompt response to problems detected.

During the contract year, AHCCCSA will provide more specific guidance with regard to the contractor's responsibilities in the AHCCCS Program Integrity Policy (currently entitled *AHCCCS Health Plans and Program Contractors – Policy for Prevention, Detection and Reporting of Fraud and Abuse* which is available in the Bidder's Library) incorporated herein by reference.

The contractor is required to research potential overpayments identified by the AHCCCSA, Office of Program Integrity. After conducting a cost benefit analysis to determine if such action is warranted, the contractor should attempt to recover any overpayments identified.

71. RECORDS RETENTION

The Program Contractor shall maintain books and records relating to covered services and expenditures including reports to AHCCCSA and working papers used in the preparation of reports to AHCCCSA. The Program Contractor shall comply with all specifications for record keeping established by AHCCCSA. All books and records shall be maintained to the extent and in such detail as required by AHCCCS Rules and policies. Records shall include but not be limited to financial statements, records relating to the quality of care, medical records, prescription files and other records specified by AHCCCSA.

The Program Contractor shall make available at its office at all reasonable times during the term of this contract and the period set forth in paragraphs a. and b. below any of its records for inspection, audit or reproduction by any authorized representative of AHCCCSA, State or Federal government.

The Program Contractor shall preserve and make available all records for a period of five years from the date of final payment under this contract except as provided in paragraphs a. and b. below:

- a. If this contract is completely or partially terminated, the records relating to the work terminated shall be preserved and made available for a period of five years from the date of any such termination.
- b. Records which relate to grievances, disputes, litigation or the settlement of claims arising out of the performance of this contract, or costs and expenses of this contract to which exception has been taken by AHCCCSA, shall be retained by the Program Contractor for a period of five years after the date of final disposition or resolution thereof.

72. DATA MANAGEMENT

The Program Contractor shall have the capability for all required technical interfaces with AHCCCSA. Refer to the *AHCCCS Technical Interface Guidelines* in the Bidder's Library for further information. A copy of these guidelines will be provided to the Program Contractor.

73. DATA EXCHANGE REQUIREMENT

The Program Contractor shall exchange data with AHCCCSA in accordance with the *AHCCCS Technical Interface Guidelines*. The Program Contractor is responsible for any incorrect data, delayed encounter data submission and any penalty applied due to error, omission, deletion, or erroneous insert caused by data it submitted. Any data that does not meet the standards required by AHCCCSA shall not be accepted by AHCCCSA. The Program Contractor is responsible for identifying any inconsistencies immediately upon receipt of data from AHCCCSA. If any unreported inconsistencies are subsequently discovered, the Program Contractor shall correct its records at its own expense.

AHCCCSA may require the Program Contractor to provide to AHCCCSA original evidence of service rendered and PCP assignments in a form appropriate for electronic data exchange. The Program Contractor shall be provided with a security code for use in all data transmissions. The Program Contractor agrees that by using its security code, it certifies that any data transmitted is accurate and truthful, to the best of its knowledge.

Health Insurance Portability and Accountability Act (HIPAA):

The Program Contractor shall comply with the Administrative Simplification requirements of Subpart F of the HIPAA of 1996 (Public Law 107-191, 110 Statutes 1936) and all federal requirements implementing that Subpart that are applicable to the operations of the Program Contractor by the dates required by the implementing federal regulations.

74. ENCOUNTER DATA REPORTING

The accurate and timely reporting of encounter data is crucial to the success of the ALTCS program. AHCCCSA uses encounter data to:

- Pay reinsurance benefits
- Set fee-for-service and capitation rates
- Determine disproportionate share payments to hospitals
- Evaluate quality of care through quality indicators developed with encounter data

The Program Contractor shall submit encounter data electronically to AHCCCSA for covered services whenever the Program Contractor or the subcontractor incurs a financial liability.

Formatting and specific requirements for encounter data are described in *AHCCCS Encounter Reporting User Manual* and *AHCCCS Technical Interface Guidelines*, copies of which may be found in the Bidder's Library. Data must be organized into the PMMIS AHCCCSA-supplied formats. The *Encounter Record Submission Standards* are included herein as Attachment C.

An Encounter Submission Tracking Report must be maintained and made available to AHCCCSA upon request. The Tracking Report's purpose is to link each claim to an adjudicated or pended encounter returned to the Program Contractor. Further information regarding the Encounter Submission Tracking Report may be found in *The Encounter User's Manual*.

75. REPORTING REQUIREMENTS

AHCCCSA, under the terms and conditions of its waiver with CMS, requires reports, encounter data and other information from the Program Contractor. The submission of late, inaccurate, or otherwise incomplete reports shall constitute failure to report subject to the penalty provisions described in this contract. Standards applied for determining adequacy of required reports are as follows:

- a. *Timeliness:* Reports or other required data shall be received on or before scheduled due dates.
- b. *Accuracy:* Reports or other required data shall be prepared in strict conformity with appropriate authoritative sources and/or AHCCCS defined standards.
- c. *Completeness:* All required information shall be fully disclosed in a manner that is both responsive and pertinent to report intent with no material omissions.

AHCCCS requirements regarding reports, report content and frequency of submission of reports are subject to change at any time during the term of the contract. The Program Contractor shall comply with all changes specified by AHCCCSA. Additional reports and data may be requested. Such requests will include a description of information requested and a due date.

The Program Contractor shall be responsible for continued reporting beyond the term of the contract. For example, processing and paying claims and reporting encounter data will likely continue beyond the term of the contract because of lag time in filing source documents by subcontractors. Also included in this requirement is the Program Contractor's responsibility for continued reporting on performance measures.

The Program Contractor shall comply with all financial reporting requirements contained in the *Reporting Guide for ALTCS Program Contractors with the Arizona Health Care Cost Containment System*, a copy of which may be found in the Bidder's Library. The required reports, which are subject to change during the contract term, are summarized in Section F, Attachment D.

76. REQUESTS FOR INFORMATION

AHCCCSA may, at any time during the term of this contract, request financial or other information from the Program Contractor. Upon receipt of such requests for information, the Program Contractor shall provide complete information as requested no later than 30 days after the receipt of the request unless otherwise specified in the request itself.

77. DISSEMINATION OF INFORMATION

Upon request, the Program Contractor shall assist AHCCCSA in the dissemination of information prepared by AHCCCSA, or the federal government, to its members. The cost of such dissemination shall be borne by the Program Contractor. All advertisements, publications and printed materials which are produced by the Program Contractor and refer to covered services shall state that such services are funded under contract with AHCCCSA.

78. OPERATIONAL AND FINANCIAL READINESS REVIEWS

AHCCCSA may conduct Operational and Financial Readiness Reviews on any or all offerors and Program Contractors, either before award as part of the proposal evaluation, after award to assess the new Program Contractor's readiness to provide contract services, or prior to any change of award. A new Program Contractor will be permitted to commence operations only if the Readiness Review factors are met to AHCCCSA's satisfaction.

79. OPERATIONAL AND FINANCIAL REVIEWS

In accordance with CMS requirements and AHCCCS Rule 9 A.A.C. 28, Article 5, AHCCCSA will conduct regular operational and financial reviews for the purpose of (but not limited to) ensuring program compliance. The type and duration of the review will be solely at the discretion of AHCCCSA. The reviews will identify areas where improvements can be made and make recommendations accordingly, monitor the Program Contractor's progress towards implementing mandated programs and provide the Program Contractor with technical assistance if necessary. Except in cases where advance notice is not possible or advance notice may render the review less useful, AHCCCSA will give the Program Contractor at least three weeks advance notice of the date of the scheduled Operational and Financial Review. AHCCCSA reserves the right to conduct reviews without notice. AHCCCSA may conduct a review without notice in the event the Program Contractor undergoes a merger, reorganization, changes ownership or makes changes in three or more key staff positions within a 12-month period, or to investigate complaints received by AHCCCSA. The Program Contractor shall comply with all other medical audit provisions as required by AHCCCSA.

In preparation for the reviews, the Program Contractor shall cooperate fully with AHCCCSA and the AHCCCSA Review Team by forwarding in advance such policies, procedures, job descriptions, contracts, records, logs and other material that AHCCCSA may request. Any documents not requested in advance by AHCCCSA shall be made available upon request of the Review Team during the course of the review. Program Contractor personnel as identified in advance shall be available to the Review Team at all times during AHCCCSA on-site review activities. While on-site, the Program Contractor shall provide the Review Team with work space, access to a telephone, electrical outlets and privacy for conferences.

Certain documentation submission requirements may be waived at the discretion of AHCCCSA if the Program Contractor obtains accreditation by the National Commission on Quality Assurance (NCQA). The Program Contractor must submit the entire NCQA report to AHCCCSA for such waiver consideration.

The operations review is conducted by an AHCCCS review team comprised of staff from the Office of Managed Care, the Office of Medical Management and the Office of Legal Assistance. The team will evaluate the Program Contractor's performance and compliance with AHCCCS policies, rules and the terms of this contract. The review may look at any aspects of operations including, but not limited to:

Behavioral health	Marketing
Business Continuity Plan (Disaster Recovery)	Medical direction
Case management	Network management
Claims processing	Notice Requirements, Member Rights & Responsibility
Encounter reporting	Provider and member services
Executive and financial management	Quality management
Grievance process	Utilization management

The Program Contractor will be furnished a copy of the draft Operational and Financial Review report and given the opportunity to comment on any review findings prior to AHCCCSA issuing the final report. Recommendations made by the Review Team to bring the Program Contractor into compliance with federal, state, AHCCCS, and/or RFP requirements, must be implemented by the Program Contractor. AHCCCSA may conduct a follow-up review or require a corrective action plan to determine the Program Contractor's progress in implementing recommendations and achieving program compliance.

The Program Contractor shall submit a corrective action plan to improve areas of non-compliance identified in the review. Once the corrective action plan is approved by AHCCCSA, it shall be implemented by the Program Contractor. Modifications to the corrective action plan must be approved in advance by AHCCCSA. Unannounced follow-up reviews may be conducted to determine the Program Contractor's progress in implementing recommendations and achieving compliance. Review findings may be used in the scoring of subsequent bid proposals submitted by that Program Contractor.

80. SANCTIONS

If the Program Contractor violates any provision stated in law, AHCCCS Rules, AHCCCS policies and procedures, or this contract, AHCCCSA may impose sanctions, suspend, refuse to renew, or terminate this contract or any related subcontracts in accordance with the terms of this contract and applicable federal or State law and regulations, including AHCCCS Rule 9 A.A.C. 28, Article 6.

Written notice will be provided to the Program Contractor specifying the sanction to be imposed, the grounds for such sanction and either the length of suspension or the amount of payment to be withheld. The Program Contractor may appeal the decision to impose a sanction in accordance with AHCCCS Rule 9 A.A.C. 28, Article 8.

In lieu of the above remedies, AHCCCSA may, at its option, impose partial or full enrollment caps on the Program Contractor. Among the contract violations that may result in an enrollment cap are, but are not limited to, the following:

- a. Marketing violations
- b. Sustained failure to meet the current ratio and equity per member financial viability ratios
- c. Material deficiency in the Program Contractor's provider network
- d. Quality of care and quality management issues
- e. Failure to meet other AHCCCS standards

Cure Notice Process - Prior to the imposition of a sanction for non-compliance, AHCCCSA may provide a written cure notice to the Program Contractor regarding the details of the non-compliance. The cure notice

will specify the period of time during which the Program Contractor must bring its performance back into compliance with contract requirements. If, at the end of the specified time period, the Program Contractor has complied with the cure notice requirements, AHCCCSA will take no further action. If, however, the Program Contractor has not complied with the cure notice requirements, AHCCCSA will proceed with the imposition of sanctions.

81. MEDICAID IN THE PUBLIC SCHOOLS

Pursuant to an Intergovernmental Agreement with the Department of Education, and a contract with a Third Party Administrator, AHCCCS began paying participating school districts for specifically identified Medicaid services when provided to Medicaid-eligible children who are included under the Individuals with Disabilities Education Act (IDEA). The Medicaid services must be identified in the member's Individual Education Plan (IEP) as medically necessary for the child to obtain a public school education. In the first phase of the Medicaid in the Public Schools (MIPS) program, AHCCCS began reimbursement to school districts for services provided beginning July 1, 2000. These services included speech, physical and occupational therapies, nursing services, attendant care (health aid services provided in the classroom), transportation to and from school on days when the child receives an AHCCCS-covered MIPS service and behavioral health services.

Services provided through MIPS are specifically intended to allow children to attend school and do not replace medically necessary services provided outside the educational setting. Thus, the Contractor's determination of whether services are medically necessary and should be provided to a child shall be made independently of whether that child also is receiving MIPS services. If a request made for services that also are covered under the MIPS program for a child enrolled with the Contractor, the request shall be evaluated on the same basis as any request for a covered service.

82. PENDING LEGISLATION AND PROGRAM CHANGES

In addition to the requirements described in this RFP, there are several legislative issues that will have an impact on services provided by the Contractor on or after October 1, 2002. The following is a brief summary of the issues.

State Budget Cycles (SB1436) This law returns the state budget cycle to an annual process for AHCCCS.

AHCCCS Coverage for the Parents of Children Eligible for KidsCare and Medicaid (HB2709) During the 2001 legislative session, AHCCCS was required to apply for an 1115 Waiver to cover the parents of children eligible for KidsCare up to 200% of FPL. Beginning January 1, 2003, AHCCCS will cover parents of KidsCare and Medicaid eligible children to receive coverage subject to availability of funds. The 1997 provision that required contractors to offer health insurance coverage at full cost to parents or legal guardians of eligible KidsCare children was repealed.

Freedom To Work (HB2709) Beginning January 1, 2003, persons who are between the ages of 16 through 64 years old and who are disabled can earn work-related income up to 250% FPL and be eligible for acute care or ALTCS benefits. AHCCCS expects that up to 700 persons may be eligible for the program.

Services (HB2709) This law eliminates circumcision as a covered service for Medicaid and KidsCare, effective October 1, 2002.

Dental Services (SB1192) This law authorizes the Department of Health Services (DHS) to bill and receive payment for dental health care from AHCCCS health plans.

Balanced Budget Act The BBA final rules are effective August 13, 2002 and have numerous changes to Medicaid managed care regulations. The states will have one year until August 13, 2003 to come into compliance with the regulations. AHCCCS is analyzing the impact on our 1115 managed care waiver program.

Program Changes

Hospice - Program Contractors are required to pay nursing facilities 100% of the class specific contracted rate when a member elects the hospice benefit.

Transition Assistance - AHCCCS covers limited reasonable costs of transition to assist members living in nursing facilities to return to the community. The members must be returning to their own home or apartment or their family's residence. The Centers for Medicare and Medicaid Services (CMS) defines reasonable costs as "necessary expenses in the judgement of the State for the individual to establish his or her basic living arrangement." (THIS POLICY IS IN DEVELOPMENT AND WILL BE DISTRIBUTED TO PROGRAM CONTRACTORS UPON COMPLETION)

83. BUSINESS CONTINUITY PLAN

The Program Contractor shall develop a Business Continuity Plan to deal with unexpected events that may affect its ability to adequately serve members. This plan shall, at a minimum, include planning and training for:

- Healthcare facility closure/loss of a major provider
- Electronic/telephonic failure at the Program Contractor's main place of ALTCS business
- Complete loss of use of the main site
- Loss of primary computer system/records

The Business Continuity Plan shall be updated annually. All staff shall be trained and familiar with the Plan.

SECTION E. CONTRACT CLAUSES**1. APPLICABLE LAW**

Arizona Law - The law of Arizona applies to this contract including, where applicable, the Uniform Commercial Code, as adopted in the State of Arizona.

Implied Contract Terms - Each provision of law and any terms required by law to be in this contract are a part of this contract as if fully stated in it.

2. AUTHORITY

This contract is issued under the authority of the Contracting Officer who signed this contract. Changes to the contract, including the addition of work or materials, the revision of payment terms, or the substitution of work or materials, directed by an unauthorized state employee or made unilaterally by the Program Contractor are violations of the contract and of applicable law. Such changes, including unauthorized written contract amendments, shall be void and without effect, and the Program Contractor shall not be entitled to any claim under this contract based on those changes.

3. ORDER OF PRECEDENCE

The parties to this contract shall be bound by all terms and conditions contained herein. For interpreting such terms and conditions the following sources shall have precedence in descending order: The Constitution and laws of the United States and applicable federal regulations; the terms of the CMS 1115 waiver for the State of Arizona; the Constitution and laws of Arizona, and applicable State rules; the terms of this RFP/contract, including all attachments, amendments and provisions of the offer including any best and final offers; AHCCCSA policies and procedures.

4. CHOICE OF FORUM

The parties agree that jurisdiction over any action arising out of or relating to this RFP or Contract shall be brought or filed in a court of competent jurisdiction located in the State of Arizona.

5. CONTRACT INTERPRETATION AND AMENDMENT

No Parol Evidence - This contract is intended by the parties as a final and complete expression of their agreement. No course of prior dealings between the parties and no usage of the trade shall supplement or explain any term used in this contract.

No Waiver - Either party's failure to insist on strict performance of any term or condition of the contract shall not be deemed a waiver of that term or condition even if the party accepting or acquiescing in the non-conforming performance knows of the nature of the performance and fails to object to it.

Written Contract Amendments - The contract shall be modified only through a written contract amendment within the scope of the contract signed by the procurement officer on behalf of the State.

6. SEVERABILITY

The provisions of this contract are severable to the extent that any provision or application held to be invalid shall not affect any other provision or application of the contract which may remain in effect without the invalid provision or application.

7. RELATIONSHIP OF PARTIES

The Program Contractor under this contract is an independent contractor. Neither party to this contract shall be deemed to be the employee or agent of the other party to the contract.

8. ASSIGNMENT AND DELEGATION

The Program Contractor shall not assign any right nor delegate any duty under this contract without prior written approval of the Contracting Officer, who will not unreasonably withhold such approval.

9. GENERAL INDEMNIFICATION

The parties to this contract agree that the AHCCCS Administration shall be indemnified and held harmless by the Program Contractor for the vicarious liability of the State as a result of entering into this contract. Each party to this contract is responsible for its own negligence.

10. COMPLIANCE WITH APPLICABLE LAWS, RULES AND REGULATIONS

The materials and services supplied under this contract shall comply with all applicable federal, state and local laws, and the Program Contractor shall maintain all applicable licenses and permits.

11. PAYMENTS

The Program Contractor shall be paid as specified in the contract. Payment must comply with requirements of ARS Title 35. AHCCCSA reserves the option to make payments to the Program Contractor by wire or NACHA transfer and will provide the Program Contractor at least 30 days notice prior to the effective date of any such change.

12. ADVERTISING AND PROMOTION OF CONTRACT

The Program Contractor shall not advertise or publish information for commercial benefit concerning this contract without the prior written approval of the Contracting Officer.

13. PROPERTY OF THE STATE

Any materials, including reports, computer programs and other deliverables, created under this contract are the sole property of AHCCCSA. The Program Contractor is not entitled to a patent or copyright on those materials and may not transfer the patent or copyright to anyone else. The Program Contractor shall not use or release these materials without the prior written consent of AHCCCSA.

14. THIRD PARTY ANTITRUST VIOLATIONS

The Program Contractor assigns to the State any claim for overcharges resulting from antitrust violations to the extent that those violations concern materials or services supplied by third parties to the Program Contractor toward fulfillment of this contract.

15. RIGHT TO ASSURANCE

If AHCCCSA, in good faith, has reason to believe that the Program Contractor does not intend to perform or continue performing this contract, the procurement officer may demand in writing that the Program Contractor give a written assurance of intent to perform. The demand shall be sent to the Program Contractor by certified mail, return receipt required. Failure by the Program Contractor to provide written assurance within the number of days specified in the demand may, at the State's option, be the basis for terminating the contract.

16. TERMINATION FOR CONFLICT OF INTEREST

AHCCCSA may cancel this contract without penalty or further obligation if any person significantly involved in initiating, negotiating, securing, drafting or creating the contract on behalf of AHCCCSA is, or becomes at any time while the contract or any extension of the contract is in effect, an employee of, or a consultant to, any other party to this contract with respect to the subject matter of the contract. The cancellation shall be effective when the Program Contractor receives written notice of the cancellation unless the notice specifies a later time.

17. GRATUITIES

AHCCCSA may, by written notice to the Program Contractor, immediately terminate this contract if it determines that employment or a gratuity was offered or made by the Program Contractor or a representative of the Program Contractor to any officer or employee of the State for the purpose of influencing the outcome of the procurement or securing the contract, an amendment to the contract, or favorable treatment concerning the contract, including the making of any determination or decision about contract performance. AHCCCSA, in addition to any other rights or remedies, shall be entitled to recover exemplary damages in the amount of three times the value of the gratuity offered by the Program Contractor.

18. LOBBYING

No funds paid to the Program Contractor by AHCCCSA, or interest earned thereon, shall be used for the purpose of influencing or attempting to influence an officer or employee of any federal or State agency, a

member of the United States Congress or State Legislature, an officer or employee of a member of the United States Congress or State Legislature in connection with awarding of any federal or State contract, the making of any federal or State grant, the making of any federal or State loan, the entering into of any cooperative agreement, and the extension, continuation, renewal, amendment or modification of any federal or State contract, grant, loan, or cooperative agreement. The Program Contractor shall disclose if any funds other than those paid to the Program Contractor by AHCCCSA have been used or will be used to influence the persons and entities indicated above and will assist AHCCCSA in making such disclosures to CMS.

19. SUSPENSION OR DEBARMENT

The Program Contractor shall not employ, consult, subcontract or enter into any agreement for Title XIX services with any person or entity who is debarred, suspended or otherwise excluded from federal procurement activity. This prohibition extends to any entity which employs, consults, subcontracts with or otherwise reimburses for services any person substantially involved in the management of another entity which is debarred, suspended or otherwise excluded from federal procurement activity.

The Program Contractor shall not retain as a director, officer, partner or owner of 5% or more of the Program Contractor entity, any person, or affiliate of such a person, who is debarred, suspended or otherwise excluded from federal procurement activity.

AHCCCSA may, by written notice to the Program Contractor, immediately terminate this contract if it determines that the Program Contractor has been debarred, suspended or otherwise lawfully prohibited from participating in any public procurement activity.

20. TERMINATION FOR CONVENIENCE

AHCCCSA reserves the right to terminate the contract in whole or in part at any time for the convenience of the State without penalty or recourse. The Contracting Officer shall give written notice by certified mail, return receipt requested, to the Program Contractor of the termination at least 90 days before the effective date of the termination. Upon receipt of the written notice, the Program Contractor shall stop all work and immediately notify all subcontractors to do the same. In the event of termination under this paragraph, all documents, data and reports prepared by the Program Contractor under the contract shall become the property of and be delivered to AHCCCSA. The Program Contractor shall be entitled to receive just and equitable compensation for work in progress, work completed and materials accepted before the effective date of the termination.

21. TERMINATION FOR DEFAULT

AHCCCSA reserves the right to terminate the contract in whole or in part due to the failure of the Program Contractor to comply with any term or condition of the contract or to make satisfactory progress in performing the contract. The Contracting Officer shall mail written notice of the termination and the reason(s) for it to the Program Contractor by certified mail, return receipt requested. In the event the Program Contractor requests a hearing prior to termination, AHCCCSA is required by the Balanced Budget Act of 1997 to oversee the operation of the Program Contractor entity through appointment of temporary management prior to the hearing.

Upon termination under this paragraph, all documents, data, and reports prepared by the Program Contractor under the contract shall become the property of and be delivered to AHCCCSA on demand. AHCCCSA may, upon termination of this contract, procure, on terms and in the manner that it deems appropriate, materials or services to replace those under this contract. The Program Contractor shall be liable for any excess costs incurred by AHCCCSA in re-procuring the materials or services.

22. TERMINATION - AVAILABILITY OF FUNDS

Funds are not presently available for performance under this contract beyond the current fiscal year. No legal liability on the part of AHCCCSA for any payment may arise under this contract until funds are made available for performance of this contract.

23. RIGHT OF OFFSET

AHCCCSA shall be entitled to offset against any amounts due the Program Contractor any expenses or costs incurred by AHCCCSA concerning the Program Contractor's non-conforming performance or failure to perform the contract.

24. NON-EXCLUSIVE REMEDIES

The rights and the remedies of AHCCCSA under this contract are not exclusive.

25. AUDITS AND INSPECTIONS

The Program Contractor shall comply with all provisions specified in applicable AHCCCS Rule 9 A.A.C. 28, Article 5 and AHCCCS policies and procedures relating to the audit of the Program Contractor's records and the inspection of its facilities. The Program Contractor shall fully cooperate with AHCCCSA staff and allow them reasonable access to the Program Contractor's staff, subcontractors, members, and records.

At any time during the term of this contract, the Program Contractor's or any subcontractor's books and records shall be subject to audit by AHCCCSA and, where applicable, the federal government, to the extent that the books and records relate to the performance of the contract or subcontracts.

AHCCCSA and the federal government may evaluate through on-site inspection or other means, the quality, appropriateness and timeliness of services performed under this contract.

26. NON-DISCRIMINATION

The Program Contractor shall comply with State Executive Order No. 99-4, which mandates that all persons, regardless of race, color, religion, sex, national origin or political affiliation, shall have equal access to employment opportunities, and all other applicable federal and state laws, rules and regulations, including the Americans with Disabilities Act. The Program Contractor shall take positive action to ensure that applicants for employment, employees, and persons to whom it provides service are not discriminated against due to race, creed, color, religion, sex, national origin or disability.

27. EFFECTIVE DATE

The effective date of this contract shall be the date that the Contracting Officer signs the award page (page 1) of this contract.

28. TERM OF CONTRACT AND OPTION TO RENEW

The initial term of this contract shall be October 1, 2000 through September 30, 2003. AHCCCSA reserves the sole option to extend the term of the contract, not to exceed a total contracting period of five years. The contract will be subject to an annual revision prior to October 1 of each year. The terms and conditions of any contract extension shall remain the same as the original contract, as amended, except that contract extensions shall not affect the maximum contracting period of five years. All contract extensions shall be through contract amendment.

Subject to the availability of funds, prior to the beginning of each federal fiscal year, AHCCCSA may increase or decrease one or more of the capitation rates payable under this contract.

When AHCCCSA issues an amendment to extend the contract, the provisions of such extension will be deemed to have been accepted 60 days from the date of mailing by AHCCCSA, even if the extension has not been signed by the Program Contractor, unless within that time the Program Contractor notifies AHCCCSA in writing that it refuses to sign the extension or modification. AHCCCSA will then either initiate contract termination proceedings or process the dispute in accordance with Section E, Paragraph 31. Disputes, as appropriate.

Contractor's Notice of Intent Not To Renew - If the Program Contractor chooses not to renew this contract, the Program Contractor may be liable for certain costs associated with the transition of its members to a different Program Contractor. If the Program Contractor provides AHCCCSA written notice of its intent not to renew this contract at least 180 days before its expiration, this liability for transition costs may be waived by AHCCCSA.

29. INSURANCE

A certificate of insurance naming the State of Arizona and AHCCCSA as the "additional insured" must be submitted to AHCCCSA within 10 days of notification of contract award and prior to commencement of any services under this contract. This insurance shall be provided by carriers rated as "A+" or higher by the A.M. Best Rating Service. The following types and levels of insurance coverage are required for this contract:

- a. **Commercial General Liability:** Provides coverage of at least \$1,000,000 for each occurrence for bodily injury and property damage to others as a result of accidents on the premises of or as the result of operations of the Program Contractor.
- b. **Commercial Automobile Liability:** Provides coverage of at least \$1,000,000 for each occurrence for bodily injury and property damage to others resulting from accidents caused by vehicles operated by the Program Contractor.
- c. **Workers Compensation:** Provides coverage to employees of the Program Contractor for injuries sustained in the course of their employment. Coverage must meet the obligations imposed by federal and

state statutes and must also include Employer's Liability minimum coverage of \$100,000. Evidence of qualified self-insured status will also be considered.

d. Professional Liability (if applicable): Provides coverage for alleged professional misconduct or lack of ordinary skills in the performance of a professional act of service.

The above coverages may be evidenced by either one of the following:

a. The State of Arizona Certificate of Insurance: This is a form with the special conditions required by the contract already pre-printed on the form. The Program Contractor's agent or broker must fill in the pertinent policy information and ensure the required special conditions are included in the Program Contractor's policy.

b. The Accord form: This standard insurance industry certificate of insurance does not contain the pre-printed special conditions required by this contract. These conditions must be entered on the certificate by the agent or broker and read as follows:

“The State of Arizona and Arizona Health Care Cost Containment System are hereby added as additional insureds. Coverages afforded under this Certificate shall be primary and any insurance carried by the State or any of its agencies, boards, departments or commissions shall be in excess of that provided by the insured Program Contractor. No policy shall expire, be canceled or materially changed without 30 days written notice to the State. This Certificate is not valid unless countersigned by an authorized representative of the insurance company.”

30. DISPUTES

The exclusive manner for the Program Contractor to assert any claim, grievance, dispute or demand against AHCCCSA shall be in accordance with AHCCCS Rule 9 A.A.C. 28, Article 8. Pending the final resolution of any disputes involving this contract, the Program Contractor shall proceed with performance of this contract in accordance with AHCCCSA's instructions, unless AHCCCSA specifically, in writing, requests termination or a temporary suspension of performance.

31. RIGHT TO INSPECT PLANT OR PLACE OF BUSINESS

AHCCCSA may, at reasonable times, inspect the part of the plant or place of business of the Program Contractor or subcontractor which is related to the performance of this contract, in accordance with ARS § 41-2547.

32. INCORPORATION BY REFERENCE

This solicitation and all attachments, exhibits and amendments, the Program Contractor's proposal, best and final offer accepted by AHCCCSA, and any approved subcontracts are hereby incorporated by reference into the contract.

33. COVENANT AGAINST CONTINGENT FEES

The Program Contractor warrants that no person or agency has been employed or retained to solicit or secure this contract upon an agreement or understanding for a commission, percentage, brokerage or contingent fee. For violation of this warranty, AHCCCSA shall have the right to annul this contract without liability.

34. CHANGES

AHCCCSA may at any time, by written notice to the Program Contractor, make changes within the general scope of this contract. If any such change causes an increase or decrease in the cost of, or the time required for, performance of any part of the work under this contract, the Program Contractor may assert its right to an adjustment in compensation paid under this contract. The Program Contractor must assert its right to such adjustment within 30 days from the date of receipt of the change notice. Any dispute or disagreement caused by such notice shall constitute a dispute within the meaning of Section E, Paragraph 31 Disputes, and be administered accordingly.

When AHCCCSA issues an amendment to modify the contract, the provisions of such amendment will be deemed to have been accepted 60 days after the date of mailing by AHCCCSA, even if the amendment has not been signed by the Program Contractor, unless within that time the Program Contractor notifies AHCCCSA in writing that it refuses to sign the amendment. If the Program Contractor provides such notification, AHCCCSA may initiate termination proceedings or proceed in accordance with Section E, Paragraph 31, Disputes.

35. TYPE OF CONTRACT

Firm Fixed-Price

36. AMERICANS WITH DISABILITIES ACT

People with disabilities may request special accommodations such as interpreters, alternative formats or assistance with physical accessibility. Requests for special accommodations must be made with at least three days prior notice by Contracts personnel noted on Page 1.

37. WARRANTY OF SERVICES

The Program Contractor warrants that all services provided under this contract will conform to the requirements stated herein. AHCCCSA's acceptance of services provided by the Program Contractor shall not relieve the Program Contractor from its obligations under this warranty. In addition to its other remedies, AHCCCSA may, at the Program Contractor's expense, require prompt correction of any services failing to meet the Program Contractor's warranty herein. Services corrected by the Program Contractor shall be subject to all of the provisions of this contract in the manner and to the same extent as the services originally furnished.

38. NO GUARANTEED QUANTITIES

AHCCCSA does not guarantee the Program Contractor any minimum or maximum quantity of services or goods to be provided under this contract.

39. CONFLICT OF INTEREST

The Program Contractor shall not undertake any work that represents a potential conflict of interest, or which is not in the best interest of AHCCCSA or the State without prior written approval by AHCCCSA. The Program Contractor shall fully and completely disclose any situation which may present a conflict of interest. If the Program Contractor is now performing or elects to perform during the term of this contract any services for any AHCCCS health plan, provider or Program Contractor or an entity owning or controlling same, the Program Contractor shall disclose this relationship prior to accepting any assignment involving such party.

40. DISCLOSURE OF CONFIDENTIAL INFORMATION

The Program Contractor shall not, without prior written approval from AHCCCSA, either during or after the performance of the services required by this contract, use, other than for such performance, or disclose to any person other than AHCCCSA personnel with a need to know, any information, data, material, or exhibits created, developed, produced, or otherwise obtained during the course of the work required by this contract. This nondisclosure requirement shall also pertain to any information contained in reports, documents, or other records furnished to the Program Contractor by AHCCCSA.

41. AHCCCSA RIGHT TO OPERATE PROGRAM CONTRACTOR

If, in the judgment of AHCCCSA, the Program Contractor's performance is in material breach of the contract or the Program Contractor is insolvent, AHCCCSA may directly operate the Program Contractor to assure delivery of care to members enrolled with the Program Contractor until cure by the Program Contractor of its breach, by demonstrated financial solvency or until the successful transition of those members to another Program Contractor.

If AHCCCS undertakes direct operation of the Program Contractor, AHCCCS, through designees appointed by the Director shall be vested, with full and exclusive power of management and control of the Program Contractor as necessary to ensure the uninterrupted care to persons and accomplish the orderly transition of persons to a new or existing Program Contractor, or until the Program Contractor corrects the Contract performance failure to the satisfaction of AHCCCS. AHCCCS shall have the power to employ any necessary assistants, to execute any instrument in the name of the Program Contractor, to commence, defend and conduct in its name any action or proceeding in which the Program Contractor may be a party.

All reasonable expenses of AHCCCS related to the direct operation of the Program Contractor, including attorney fees, costs of preliminary or other audits of the Program Contractor and expenses related to the management of any office or other assets of the Program Contractor, shall be paid by the Program Contractor or withheld from payment due from AHCCCS to the Program Contractor.

SECTION F. ATTACHMENTS

ATTACHMENTS ARE FOUND ON THE FOLLOWING PAGES

ATTACHMENT A. MINIMUM SUBCONTRACT PROVISIONS

For the sole purpose of this Attachment, the following definitions apply:

“*Contract*” means any contract between the Program Contractor and a third party for the performance of any or all services or requirements specified under the Program Contractor’s contract with AHCCCS.

“*Contractor*” means any third party with a contract with the Program Contractor for the provision of any or all services or requirements specified under the Program Contractor’s contract with AHCCCS.

[The following provisions must be included verbatim in every contract.]

1. EVALUATION OF QUALITY, APPROPRIATENESS, OR TIMELINESS OF SERVICES

The Arizona Health Care Cost Containment System Administration (AHCCCSA) or the U.S. Department of Health and Human Services may evaluate, through inspection or other means, the quality, appropriateness or timeliness of services performed under this contract.

2. RECORDS AND REPORTS

The Contractor shall maintain all forms, records, reports and working papers used in the preparation of reports, files, correspondence, financial statements, records relating to quality of care, medical records, prescription files, statistical information and other records specified by AHCCCSA for purposes of audit and program management. The Contractor shall comply with all specifications for record keeping established by AHCCCSA. All books and records shall be maintained to the extent and in such detail as shall properly reflect each service provided and all net costs, direct and indirect, of labor, materials, equipment, supplies and services, and other costs and expenses of whatever nature for which payment is made to the Contractor. Such material shall be subject to inspection and copying by the state, AHCCCSA and the U.S. Department of Health and Human Services during normal business hours at the place of business of the person or organization maintaining the records.

The Contractor agrees to make available at the office of the Contractor, at all times reasonable times, any of its records for inspection, audit or reproduction, by any authorized representative of the state or federal governments.

The Contractor shall preserve and make available all records for a period of five years from the date of final payment under this contract except as provided in paragraphs a. and b. below:

a. If this contract is completely or partially terminated, the records relating to the work terminated shall be preserved and made available for a period of five years from the date of any such termination.

b. Records which relate to disputes, litigation or the settlement of claims arising out of the performance of this contract, or costs and expenses of this contract to which exception has been taken by the state, shall be retained by the Contractor until such disputes, litigation, claims or exceptions have been disposed of.

The Contractor shall provide all reports requested by AHCCCSA, and all information from records relating to the performance of the Contractor which AHCCCSA may reasonably require. The Contractor reporting requirements may include, but are not limited to, timely and detailed utilization statistics, information and reports.

3. LIMITATIONS ON BILLING AND COLLECTION PRACTICES

The Contractor shall not bill, nor attempt to collect payment directly or through a collection agency from a person claiming to be AHCCCS eligible without first receiving verification from AHCCCSA that the person was ineligible for AHCCCS on the date of service, or that services provided were not AHCCCS covered services. This provision shall not apply to patient contributions to the cost of services delivered by nursing homes.

4. ASSIGNMENT AND DELEGATION OF RIGHTS AND RESPONSIBILITIES

No payment due the Contractor under this contract may be assigned without the prior approval of AHCCCSA. No assignment or delegation of the duties of this contract shall be valid unless prior written approval is received from AHCCCSA.

5. APPROVAL OF CONTRACTS, AMENDMENTS OR TERMINATIONS

This contract is subject to prior approval by AHCCCSA. The Program Contractor shall notify AHCCCSA in the event of any proposed amendment or termination during the term hereof. Any such amendment or termination is subject to the prior approval of AHCCCSA. Approval of the contract may be rescinded by the Director of AHCCCSA for violation of federal or state laws or rules.

6. WARRANTY OF SERVICES

The Contractor, by execution of this contract, warrants that it has the ability, authority, skill, expertise and capacity to perform the services specified in this contract.

7. SUBJECTION OF CONTRACT

The terms of this contract shall be subject to the applicable material terms and conditions of the contract existing between the Contractor and AHCCCSA for the provision of covered services.

8. AWARDS OF OTHER CONTRACTS

AHCCCSA and/or the Contractor may undertake or award other contracts for additional or related work to the work performed by the Contractor and the Contractor shall fully cooperate with such other contractors, subcontractors or state employees. The Contractor shall not commit or permit any act which will interfere with the performance of work by any other contractor, subcontractor or state employee.

9. INDEMNIFICATION BY CONTRACTOR

The Contractor agrees to hold harmless the state, all state officers and employees, AHCCCSA and other appropriate state agencies, and all officers and employees of AHCCCSA and all AHCCCS eligible persons in the event of nonpayment to the Contractor. The Contractor shall further indemnify and hold harmless the state, AHCCCSA, other appropriate state agencies, AHCCCS contractors, and their agents, officers and employees against all injuries, deaths, losses, damages, claims, suits, liabilities, judgments, costs and expenses which may, in any manner, accrue against the State, AHCCCSA or its agents, officers or employees, or AHCCCS contractors, through the intentional conduct, negligence or omission of the Contractor, its agent, officers or employees.

10. MAINTENANCE OF REQUIREMENTS TO DO BUSINESS AND PROVIDE SERVICES

The Contractor shall be registered with AHCCCSA and shall obtain and maintain all licenses, permits and authority necessary to do business and render service under this contract and, where applicable, shall comply with all laws regarding safety, unemployment insurance, disability insurance and worker's compensation.

11. COMPLIANCE WITH LAWS AND OTHER REQUIREMENTS

The Contractor shall comply with all federal, State and local laws, rules, regulations, standards and executive orders governing performance of duties under this contract, without limitation to those designated within this contract.

12. SEVERABILITY

If any provision of these standard contract terms and conditions is held invalid or unenforceable, the remaining provisions shall continue valid and enforceable to the full extent permitted by law.

13. VOIDABILITY OF CONTRACT

This contract is voidable and subject to immediate termination by AHCCCSA upon the Contractor becoming insolvent or filing proceedings in bankruptcy or reorganization under the United States Code, or upon assignment or delegation of the subcontract without AHCCCSA's prior written approval.

14. CONFIDENTIALITY REQUIREMENT

Confidential information shall be safeguarded pursuant to federal and state laws including but not limited to, 42 CFR Part 431, Subpart F, ARS §36-107, 36-2903, 41-1959 and 46-135, and AHCCCS and/or ALTCS Rules.

15. GRIEVANCE PROCEDURES

Any grievances filed by the Contractor shall be adjudicated in accordance with AHCCCS Rules.

16. TERMINATION OF CONTRACT

AHCCCSA may, by written notice to the Contractor, terminate this contract if it is found, after notice and hearing by the State, that gratuities in the form of entertainment, gifts, or otherwise were offered or given by the Contractor, or any agent or representative of the Contractor, to any officer or employee of the State with a view towards securing a contract or securing favorable treatment with respect to the awarding, amending or the making of any determinations with respect to the performance of the Contractor; provided, that the existence of the facts upon which the state makes such findings shall be in issue and may be reviewed in any competent court. If the contract is terminated under this section, unless the Contractor is a governmental agency, instrumentality or subdivision thereof, AHCCCSA shall be entitled to a penalty, in addition to any other damages to which it may be entitled by law, and to exemplary damages in the amount of three times the cost incurred by the Contractor in providing any such gratuities to any such officer or employee.

17. PRIOR AUTHORIZATION and UTILIZATION REVIEW

The Contractor and Subcontractor shall develop, maintain and use a system for Prior Authorization and Utilization Review which is consistent with AHCCCS Rules and the Contractor's policies.

18. NON-DISCRIMINATION REQUIREMENTS

If applicable, the Contractor shall comply with:

- a. The Equal Pay Act of 1963, as amended, which prohibits sex discrimination in the payment of wages to men and women performing substantially equal work under similar working conditions in the same establishment.
- b. Title VI of the Civil Rights Act of 1964, as amended, which prohibits the denial of benefits of, or participation in, contract services on the basis of race, color, or national origin.
- c. Title VII of the Civil Rights Act of 1964, as amended which prohibits private employers, state and local governments, and educational institutions from discriminating against their employees and job applicants on the basis of race, religion, color, sex, or national origin.
- d. Title I of the Americans with Disabilities Act of 1990, as amended, which prohibits private employers and state and local governments from discriminating against job applicants and employees on the basis of disability.
- e. The Civil Rights Act of 1991, which reverses in whole or in part, several recent Supreme Court decisions interpreting Title VII.
- f. The Age Discrimination in Employment Act (ARS Title 41-1461, et seq.); which prohibits discrimination based on age.
- g. State Executive Order 99-4 and Federal Order 11246 which mandates that all persons, regardless of race, color, religion, sex, age, national origin or political affiliation, shall have equal access to employment opportunities.
- h. Section 503 of the Rehabilitation Act of 1973, as amended, which prohibits discrimination in the employment or advancement of the employment of qualified persons because of physical or mental handicap.

- i. Section 504 of the Rehabilitation Act of 1973, as amended, which prohibits discrimination on the basis of handicap in delivering contract services.

19. COMPLIANCE WITH AHCCCS RULES RELATING TO AUDIT AND INSPECTION

The Contractor shall comply with all applicable AHCCCS Rules and Audit Guide relating to the audit of the Contractor's records and the inspection of the Contractor's facilities. If the Contractor is an inpatient facility, the Contractor shall file uniform reports and Title XVIII and Title XIX cost reports with AHCCCSA.

20. CERTIFICATION OF TRUTHFULNESS OF REPRESENTATION

By signing this contract, the Contractor certifies that all representations set forth herein are true to the best of its knowledge.

21. CERTIFICATION OF COMPLIANCE - ANTI-KICKBACK AND LABORATORY TESTING

By signing this contract, the Contractor certifies that it has not engaged in any violation of the Medicare Anti-Kickback statute (42 USC §§1320a-7b) or the "Stark I" and "Stark II" laws governing related-entity referrals (PL 101-239 and PL 101-432) and compensation therefrom. If the Contractor provides laboratory testing, it certifies that it has complied with 42 CFR §411.361 and has sent to AHCCCSA simultaneous copies of the information required by that rule to be sent to the Health Care Financing Administration.

22. CONFLICT IN INTERPRETATION OF PROVISIONS

In the event of any conflict in interpretation between provisions of this contract and the AHCCCS Minimum Subcontract Provisions, the latter shall take precedence.

23. ENCOUNTER DATA REQUIREMENT

If the Contractor does not bill the Contractor (e.g., Contractor is capitated), the Contractor shall submit encounter data to the Contractor in a form acceptable to AHCCCSA.

24. CLINICAL LABORATORY IMPROVEMENT AMENDMENTS OF 1988

The Clinical Laboratory Improvement Amendment (CLIA) of 1988 requires laboratories and other facilities that test human specimens to obtain either a CLIA Waiver or CLIA Certificate in order to obtain reimbursement from the Medicare and Medicaid (AHCCCS) programs. In addition, they must meet all the requirements of 42 CFR 493, Subpart A.

To comply with these requirements, AHCCCSA requires all clinical laboratories to provide verification of CLIA Licensure or Certificate of Waiver during the provider registration process. Failure to do so shall result

in either a termination of an active provider ID number or denial of initial registration. These requirements apply to all clinical laboratories.

Pass-through billing or other similar activities with the intent of avoiding the above requirements are prohibited. Contractor may not reimburse providers who do not comply with the above requirements.

25. INSURANCE

[This provision applies only if the Contractor provides services directly to AHCCCS members]

The Contractor shall maintain for the duration of this contract a policy or policies of professional liability insurance, comprehensive general liability insurance and automobile liability insurance. The Contractor agrees that any insurance protection required by this contract, or otherwise obtained by the Contractor, shall not limit the responsibility of Contractor to indemnify, keep and save harmless and defend the State and AHCCCSA, their agents, officers and employees as provided herein. Furthermore, the Contractor shall be fully responsible for all tax obligations, Worker's Compensation Insurance, and all other applicable insurance coverage, for itself and its employees, and AHCCCSA shall have no responsibility or liability for any such taxes or insurance coverage.

26. FRAUD AND ABUSE

If the Contractor discovers, or is made aware, that an incident of potential fraud or abuse has occurred, the Contractor shall report the incident to the Program Contractor, who shall proceed in accordance with the *AHCCCS Health Plans and Program Contractors Policy for Prevention, Detection and Reporting of Fraud and Abuse*. All other incidents of potential fraud should be reported to AHCCCSA, Office of the Director, Office of Program Integrity. (See AHCCCS Rule 9 A.A.C. 22, Article 5.)

ATTACHMENT B. GRIEVANCE AND REQUEST FOR HEARING PROCESS AND STANDARDS

The Contractor shall have in place a written grievance and request for hearing policy for members and providers which defines and explains their rights regarding any adverse action by the Contractor. The Contractor shall also ensure compliance with 9 A.A.C. 28, Article 1 and the Members' Rights and Responsibilities Policy. The written grievance and request for hearing policy shall be in accordance with applicable federal and State laws and AHCCCS rules and policies including, but not limited to 9 A.A.C. 28, Article 8. The grievance policy shall include the following provisions:

- a. The grievance and request for hearing policy shall be provided to members at the time of enrollment with Contractor.
- b. The grievance and request for hearing policy shall be provided to all subcontractors at the time of contract. For providers without a contract, the grievance and request for hearing policy may be mailed with a remittance advice, provided the remittance is sent within 45 days of receipt of a claim.
- c. The grievance and request for hearing policy must specify that all grievances, with the exception of those challenging claim denials, must be filed with the Contractor no later than 60 days from the date of the adverse action. Grievances challenging claim denials must be filed in writing with the Contractor no later than 12 months from the date of service, 12 months after the date of eligibility posting or within 60 days after the date of a timely claim submission, whichever is later.
- d. Specific individuals are appointed with authority to require corrective action and with requisite experience to administer the grievance and request for hearing policy.
- e. A log is maintained for all grievances and requests for hearing containing sufficient information to identify the Complainant, date of receipt, nature of the grievance and the date the grievance is resolved. Separate logs must be maintained for provider and member grievances. The logs must contain sufficient information to identify the Complainant, the date of receipt, the nature of the grievance and the date the grievance is resolved.
- f. Within five working days of receipt, the Complainant is informed by letter that the grievance has been received.
- g. All correspondence must be provided in a second language when 200 members or 5% of the Contractor's population, whichever is greater, speak the language. In addition, the Contractor must make arrangements to ensure that it complies with "cultural competency requirements."
- h. Each grievance and request for hearing is thoroughly investigated using the applicable statutory, regulatory, contractual and policy provisions, ensuring that facts are obtained from all parties.
- i. All documentation received and mailed by the Contractor during the grievance and request for hearing process is dated upon receipt.
- j. All grievances and requests for hearing are filed in a secure designated area and are retained for five years following the Contractor's decision, the Administration's decision, judicial appeal or close of the grievance, whichever is later.
- k. A copy of the Contractor's decision will be either hand-delivered or delivered by certified mail to all parties whose interest has been adversely affected by the decision. The decision shall be mailed to all other individuals by regular mail. The date of the decision shall be the date of personal delivery or, if mailed, the postmark of the mailing. The decision must include and describe in detail, the following:
 1. the nature of the grievance
 2. the issues involved
 3. the reasons supporting the Contractor's decision, explained in easy to understand terms for members, including references to applicable statute, rule, applicable contractual provisions, policy and procedure
 4. the Complainant's right to request a hearing by filing the request for hearing to the Contractor no later than 30 days after the date of the Contractor's decision.

- l. If the Contractor's decision is appealed and a request for a hearing is filed, The Contractor must ensure that all supporting documentation is received by the AHCCCSA, Office of Legal Assistance no later than five working days from the date the Contractor receives the request for hearing or from the date of the verbal or written request from AHCCCSA, Office of Legal Assistance. The file sent by the Contractor must contain a cover letter that includes:
 1. Complainant's name
 2. Complainant's AHCCCS ID number
 3. Complainant's address
 4. Complainant's phone number (if applicable)
 5. date of receipt of grievance
 6. summary of the Contractor's actions undertaken to resolve the grievance and basis of the determination
- m. The following material shall be included in the file sent by the Contractor:
 1. written request of the Complainant asking for the request for hearing
 2. copies of the entire file which include the investigations and/or medical records; and the Contractor's decision
 3. other information relevant to the resolution of the grievance
- n. The Contractor may attempt to use alternative resolution procedures to resolve disputes presented to the Contractor verbally or in writing. If the Contractor elects to use an alternative resolution process, it must be administered and completed within 10 days from receipt of the dispute. If the matter is not resolved to the Complainant's satisfaction within the 10 day time period, the dispute must then be adjudicated using the grievance standards referenced above. However, Program Contractor must render the written decision no later than 30 days from the date of the initial filing of the grievance or dispute unless a longer period was agreed to by the parties involved.
- o. For all disputes where an alternative resolution is proposed, Program Contractor must maintain a separate log, complying with the relevant paragraphs above.

Hospital Reimbursement Pilot Program – Maricopa and Pima counties only (See Section D, Paragraph 35): Arbitration may be used in lieu of the grievance and appeal procedure. If arbitration is used, the hospital contract must identify:

- a. The parties agreement on arbitrating claims arising from the contract;
- b. Whether arbitration is non-binding or binding;
- c. Timeliness of arbitration;
- d. What contract provisions may be appealed;
- e. What rules will govern arbitrations;
- f. The number of arbitrators that will be used;
- g. How arbitrators will be selected; and
- h. How arbitrators will be compensated.

ATTACHMENT C. ENCOUNTER SUBMISSION STANDARDS and SANCTIONS

The Program Contractor shall exchange data with AHCCCSA in accordance with the *AHCCCS Technical Interface Guidelines*. The Program Contractor is responsible for any incorrect data, delayed encounter data submission and any penalty applied due to error, omission, deletion, or erroneous insert caused by data it submitted. Any data that does not meet the standards required by AHCCCSA shall not be accepted by AHCCCSA. The Program Contractor is responsible for identifying any inconsistencies immediately upon receipt of data from AHCCCSA. If any unreported inconsistencies are subsequently discovered, the Program Contractor shall correct its records at its own expense.

The Program Contractor will be assessed sanctions for noncompliance with encounter submission requirements. AHCCCSA may also perform special reviews of encounter data, such as comparing encounter reports to the Program Contractor's claims files. Any findings of incomplete or inaccurate encounter data may result in the imposition of sanctions or requirement of a corrective action plan.

Pended Encounter Corrections

The Program Contractor must resolve all pended encounters within 120 days of the original processing date. Sanctions will be imposed according to the following schedule for each encounter pended for more than 120 days unless the pend is due to AHCCCSA error:

<u>0-120 days</u>	<u>121-180 days</u>	<u>181-240 days</u>	<u>241-360 days</u>	<u>361 + days</u>
No sanction	\$ 5.00 per month	\$10.00 per month	\$15.00 per month	\$20.00 per month

"AHCCCSA error" is defined as a pended encounter which (1) AHCCCSA acknowledges to be the result of its own error, and (2) requires a change to the system programming, an update to the database reference table, or further research by AHCCCSA. AHCCCSA reserves the right to adjust the sanction amount if circumstances warrant.

When the Program Contractor notifies AHCCCSA in writing that the resolution of a pended encounter depends on AHCCCSA rather than the Program Contractor, AHCCCSA will respond in writing within 30 days of receipt of such notification. The AHCCCSA response will report the status of each pending encounter problem or issue in question.

Pended encounters will not qualify as AHCCCSA errors if AHCCCSA reviews the Program Contractor's notification and asks the Program Contractor to research the issue and provide additional substantiating documentation, or if AHCCCSA disagrees with the Program Contractor's claim of AHCCCSA error. If a pended encounter being researched by AHCCCSA is later determined not to be caused by AHCCCSA error, the Program Contractor may be sanctioned retroactively.

Before imposing sanctions, AHCCCSA will notify the Program Contractor in writing of the total number of sanctionable encounters pended more than 120 days.

Pended encounters shall not be deleted by the Program Contractor as a means of avoiding sanctions for failure to correct encounters within 100 days. The Program Contractor shall document deleted encounters and shall maintain a record of the deleted CRNs with appropriate reasons indicated. The Program Contractor shall, upon request, make this documentation available to AHCCCSA for review.

Encounter Validation Studies

Per CMS requirement, AHCCCSA will conduct encounter validation studies of the Program Contractor's encounter submissions, and sanction the Program Contractor for noncompliance with encounter submission requirements. The purpose of encounter validation studies is to compare recorded utilization information from a medical record or other source with the Program Contractor's submitted encounter data. Any and all covered services may be validated as part of these studies. Encounter validation studies will be conducted at least yearly.

AHCCCSA may revise study methodology, timelines, and sanction amounts based on agency review or as a result of consultations with CMS. The Program Contractor will be notified in writing of any significant change in study methodology.

AHCCCSA will conduct two encounter validation studies. Study "A" examines non-institutional services (form HCFA 1500 encounters), and Study "B" examines institutional services (form UB-92 encounters).

AHCCCSA will notify the Program Contractor in writing of the sanction amounts and of the selected data needed for encounter validation studies. The Program Contractor will have 90 days to submit the requested data to AHCCCSA. In the case of medical records requests, the Program Contractor's failure to provide AHCCCSA with the records requested within 90 days may result in a sanction of \$1,000 per missing medical record. If AHCCCSA does not receive a sufficient number of medical records from the Program Contractor to select a statistically valid sample for a study, the Program Contractor may be sanctioned up to 5% of its annual capitation payment.

The criteria used in encounter validation studies may include timeliness, correctness, and omission of encounters. These criteria are defined as follows:

Timeliness: The time elapsed between the date of service and the date that the encounter is received at AHCCCS. All encounters must be received by AHCCCSA no later than 240 days after the end of the month in which the service was rendered, or the effective date of enrollment with the Program Contractor, whichever is later. For all encounters for which timeliness is evaluated, a sanction per encounter error extrapolated to the population of encounters may be assessed if the encounter record is received by AHCCCSA more than 240 days after the date determined above. It is anticipated that the sanction amount will be \$1.00 per error extrapolated to the population of encounters; however, sanction amounts may be adjusted if AHCCCSA determines that encounter quality has changed, or if CMS changes sanction requirements. The Program Contractor will be notified of the sanction amount in effect for the studies at the time the studies begin.

Correctness: A correct encounter contains a complete and accurate description of AHCCCS covered services provided to a member. A sanction per encounter error extrapolated to the population of encounters may be assessed if the encounter is incomplete or incorrectly coded. It is anticipated that the sanction amount will be \$1.00 per error extrapolated to the population of encounters; however, sanction amounts may be adjusted if AHCCCSA determines that encounter quality has changed, or if CMS changes sanction requirements. The Program Contractor will be notified of the sanction amount in effect for the studies at the time the studies begin.

Omission of data: An encounter not submitted to AHCCCSA or an encounter inappropriately deleted from AHCCCSA's pending encounter file or historical files in lieu of correction of such record. For Study "A" and for Study "B", a sanction per encounter error extrapolated to the

population of encounters may be assessed for an omission. It is anticipated that the sanction amount will be \$5.00 per error extrapolated to the population of encounters for Study “A” and \$10.00 per error extrapolated to the population of encounters for Study “B”; however, sanction amounts may be adjusted if AHCCCSA determines that encounter quality has changed, or if CMS changes sanction requirements. The Program Contractor will be notified of the sanction amount in effect for the studies at the time the studies begin.

For encounter validation studies, AHCCCSA will select all approved and pended encounters to be studied no earlier than 240 days after the end of the month in which the service was rendered. Once AHCCCSA has selected the Program Contractor’s encounters for encounter validation studies, subsequent encounter submissions for the period being studied will not be considered.

AHCCCSA may review all of the Program Contractor’s submitted encounters, or may select a sample. The sample size, or number of encounters to be reviewed, will be determined using statistical methods in order to accurately estimate the Program Contractor’s error rates. Error rates will be calculated by dividing the number of errors found by the number of encounters reviewed. A 95% confidence interval will be used to account for limitations caused by sampling. The confidence interval shows the range within which the true error rate is estimated to be. If error rates are based on a sample, the error rate used for sanction purposes will be the lower limit of the confidence interval.

Encounter validation methodology and statistical formulas are provided in the *AHCCCS Encounter Data Validation Technical Document*. This document also provides examples which illustrate how AHCCCSA determines study sample sizes, error rates, confidence intervals, and sanction amounts.

Written preliminary results of all encounter validation studies will be sent to the Program Contractor for review and comment. The Program Contractor will have a maximum of 30 days to review results and provide AHCCCSA with additional documentation that would affect the final calculation of error rates and sanctions. AHCCCSA will examine the Program Contractor’s documentation and may revise study results if warranted. Written final results of the study will then be sent to the Program Contractor and communicated to CMS, and any sanctions will be assessed.

The Program Contractor may file a written challenge to sanctions assessed by AHCCCSA not more than 35 days after the Program Contractor receives final study results from AHCCCSA. Challenges will be reviewed by AHCCCSA and a written decision will be rendered no later than 60 days from the date of receipt of a timely challenge. Sanctions shall not apply to encounter errors successfully challenged. A challenge must be filed on a timely basis and a decision must be rendered by AHCCCSA prior to filing a grievance pursuant to 9 A.A.C. 28, Article 8 of AHCCCS Rules. Sanction amounts will be deducted from the Program Contractor’s capitation payment.

Encounter Adjustment Voids

Program Contractors are required to submit adjusted or voided encounters in the event that claims are subsequently adjusted or denied after the initial encounter submission. This includes adjustments for inaccuracies identified by fraud and abuse audits or investigations conducted by AHCCCSA or the Program Contractor. Program Contractors shall refer to the Encounter User’s Manual for further instructions regarding adjustments to encounters.

ATTACHMENT D. PROGRAM CONTRACTORS CHART OF DELIVERABLES**BEHAVIORAL HEALTH**

REPORT	DATE DUE	SEND TO:
Sample of Case Manager and PCP records (Section D, ¶ 79)	By Request (At time of Operational & Financial Review)	Behavioral Health Mgr. (OMC)

CLINICAL CONDITIONS

REPORT	DATE DUE	SEND TO:
Notification of potential non-transplant catastrophic reinsurance-covered members (Section D, ¶ 58)	Within 30 days of the start of the contract year, enrollment with the Program Contractor, and when newly diagnosed	Reinsurance Manager (OMM/FFS)

CONTRACTS

REPORT	DATE DUE	SEND TO:
Certificate of insurance naming AHCCCS as “additional insured” (Section E, ¶ 30)	Within 10 days of contract award	Contracts & Purchasing Administrator (DBF)
Proof of minimum capitalization (Section D, ¶ 45)	15 days after notification from AHCCCS of contract award	Contracts and Purchasing Administrator (DBF)
Performance Bond or Bond Substitute (Section D, ¶ 46)	30 days after notification from AHCCCS of the amount required	Contracts & Purchasing Administrator (DBF)
Subcontracts for: <ul style="list-style-type: none"> • Automated Data Processing • Third Party Administrators • Management Services • Model Subcontracts for PCP’s, attendant care, home health agencies, behavioral health providers, nursing facilities, alternative residential settings, dental services, or as specified in contract • Capitated or other risk subcontracts requiring claims processing by the subcontractors (Section D, ¶ 33) 	30 days prior to start date	Contracts & Purchasing Administrator (DBF)
Initial contracts with AHCCCS and any amendments and renewals (Section E, ¶ 29)	Within 60 days of receipt from AHCCCS	Contracts & Purchasing Administrator (DBF)
Management Services subcontractor audit (Section D, ¶ 43)	Within 120 days after subcontractors fiscal year end	Contracts & Purchasing Administrator (DBF)
Advertisements or published information for commercial benefit (Section E, ¶ 13)	Prior approval required	Contracts & Purchasing Administrator (DBF)
Insurance policy cancellation, expiration, or material change (Section E, ¶ 30)	30 days prior notice to AHCCCS	Contracts & Purchasing Administrator (DBF)
Request to assign any right or delegate any duty (Section E, ¶ 8)	Approval required prior to assignment	Contracts & Purchasing Administrator (DBF)

ENCOUNTERS

REPORT	DATE DUE	SEND TO:
Encounter Data (Section D, ¶ 74 and Section F, Attachment C)	As required in AHCCCS Encounter Manual	Encounter Unit (OMC)
Encounter Data Validation Studies (Section D, ¶ 74 and Section F, Attachment C)	Annually as requested	Encounter Unit (OMC)

EXECUTIVE MANAGEMENT

REPORT	DATE DUE	SEND TO:
Cultural Competency Annual Evaluation (Section D, ¶ 69)	November 15	ALTCS Unit (OMC)
Network Development and Management Plan (Section D, ¶ 28)	November 15	ALTCS Unit (OMC)
Member/Provider Council Annual Plan (Section D, ¶ 24)	December 15	ALTCS Unit (OMC)
Member/Provider Council correspondence including agendas and minutes. (Section D, ¶ 24)	[See Sec. D, ¶24]	ALTCS Unit (OMC)
Modifications of Operational & Financial Review Corrective Action Plan (Section D, ¶ 79)	Prior to implementation of modification	ALTCS Unit (OMC)
Proposed merger, reorganization or ownership change (Section D, ¶ 54)	Prior approval required	ALTCS Unit (OMC)
Related party subcontracts (Section D, ¶ 55)	Prior approval required	ALTCS Unit (OMC)
All Hospital sub-contracts and any amendments	7 days prior to effective date	Contracts and Purchasing Administrator (DBF)
Resignation and addition of any key staff (Section D, ¶ 25)	Within 7 days of learning of resignation	ALTCS Unit (OMC)
All physician incentive agreements (Section D, ¶ 39)	Upon signing of agreement	ALTCS Financial Manager (OMC)
Changes to Fraud and Abuse Plan (Section D, ¶ 70)	When changes are made, prior to distribution	Office of Program Integrity (OPI)
All incidents of suspected fraud and abuse (Section D, ¶ 70)	Upon learning of the incident	As directed in AHCCCS Fraud and Abuse Policy
Marketing Materials (Section D, ¶ 65 and Section E, ¶ 13)	30 days prior to planned dissemination	ALTCS Unit (OMC)
Physician Incentive Plan (PIP) Reporting (Section D, ¶ 39)	Annually by 10/1 of each contract year	ALTCS Financial Coordinator (OMC)

FINANCE

REPORT	DATE DUE	SEND TO:
Summary of Program Contractor's contract rates for long term care, behavioral health and home and community based services (format to be provided by AHCCCS)	December 1	ALTCS Financial Coordinator (OMC)
Reinsurance claims (Section D, ¶ 58)	As per Section D, ¶ 58 and Reinsurance Manual	As per AHCCCS Reinsurance Manual
Advances, Distributions, Loans (Section D, ¶ 50)	Prior approval required	ALTCS Financial Coordinator (OMC)
Claims recoupments exceeding \$50,000 per provider within a contract year (Section D, ¶ 44)	Prior approval required	ALTCS Financial Coordinator (OMC)
Corporate cost allocation plans, adjustment in management fees, fund distributions affecting equity (Section D, ¶ 49 & 50)	Prior approval required	ALTCS Financial Coordinator (OMC)
Quarterly Financial Statement (Section D, ¶ 75)	60 days after quarter end	ALTCS Financial Coordinator (OMC)
FQHC Member Month Information (Section D, ¶ 75)	60 days after quarter end	ALTCS Financial Coordinator (OMC)
HIV-AIDS Drugs Report	60 days after quarter end	ALTCS Financial Coordinator (OMC)
Draft Audited Financial Statement (Section D, ¶ 75)	90 days after year end	ALTCS Financial Coordinator (OMC)

		(OMC)
Draft Management Letter (Section D, ¶ 75)	90 days after year end	ALTCS Financial Coordinator (OMC)
Annual Reconciliation (Section D, ¶ 75)	90 days after year end	ALTCS Financial Coordinator (OMC)
Final Audited Financial Statement (Section D, ¶ 75)	120 days after year end	ALTCS Financial Coordinator (OMC)
Final Management Letter (Section D, ¶ 75)	120 days after year end	ALTCS Financial Coordinator (OMC)
Annual Disclosure Statement (Section D, ¶ 75)	120 days after year end	ALTCS Financial Coordinator (OMC)

GRIEVANCE AND APPEALS

REPORT	DATE DUE	SEND TO:
Quarterly Grievance Report (Section D, ¶ 23)	45 days after the end of each quarter	Administrative Assistant (OLA)
Request for Hearing Files (Section F, Attachment B)	5 working days from the date appeal is received	Office of Legal Assistance

MEMBER SERVICES/CASE MANAGEMENT

REPORT	DATE DUE	SEND TO:
Case Management Plan (Section D, ¶ 16)	November 15	ALTCS Case Management Manager (OMM)
Case management internal monitoring process, results and continuous improvement strategies (Section D, ¶ 16)	As requested	ALTCS Case Management Manager (OMM)
Annual Member Survey (Section D, ¶ 66)	Prior to Distribution	ALTCS Unit (OMC)
Annual Member Survey results, analysis and improvement strategies (Section D, ¶ 66)	60 days after finalized	ALTCS Unit (OMC)
Member Handbook (Section D, ¶ 17)	Upon any changes Prior to Distribution	ALTCS Unit (OMC)
All Member Informational Materials (Newsletters, Brochures, etc.) (Section D, ¶ 17)	Prior to Distribution	ALTCS Unit (OMC)
Institutional placement outside the state (Section D, ¶ 14)	Prior approval required	ALTCS Case Management Manager (OMM)
Changes or corrections to member's circumstances (income, living arrangements, TPL, services, etc.) (Section D, ¶ 18)	ALTCS member change report Form (DE-701) requirements	Division of Member Services or local ALTCS Office

NETWORK MANAGEMENT

REPORT	DATE DUE	SEND TO:
Network Summary (Section D, ¶ 32)	10/15, 4/15	ALTCS Unit (OMC)
All material changes in provider network (Section D, ¶ 29)	In advance of the change	ALTCS Unit (OMC)
Unexpected major network changes (Section D, ¶ 29)	Within 1 day of change	ALTCS Unit(OMC)
Provider who refuses to sign a contract (if providing more than 25 services in the contract year) (Section D, ¶ 33)	Document refusal within 7 days of final attempt to gain contract	ALTCS Unit (OMC)

THIRD PARTY LIABILITY

REPORT	DATE DUE	SEND TO:
Report the following cases of Third Party Liability: <ul style="list-style-type: none"> Uninsured/underinsured motorist insurance First and third-party liability insurance Tortfeasors, including casualty Trust recovery Adoption recovery Estate recovery Worker's Compensation (Section D, ¶ 63) 	Upon Identification	AHCCCS TPL Subcontractor
Report all joint liability cases (Section D, ¶ 63)	Within 5 days of identification	AHCCCS TPL Subcontractor

QM/UM

REPORT	DATE DUE	SEND TO
QM/UM Plan Evaluation and Revision(Section D, ¶ 20)	December 15	Clinical Quality Management Unit (OMM)
Quarterly Inpatient Hospital Showings (Section D, ¶ 20)	15 days after the end of each quarter. (15th of Jan., Apr., July & Oct.)	CSM Administrator (OMM)
Maternity Care Plan (Section D, ¶ 20)	December 1	Clinical Quality Management Unit (OMM)
Comprehensive EPSDT Plan (including Dental) (Section D, ¶ 20)	December 1	Clinical Quality Management Unit (OMM)
Quarterly EPSDT Progress Report Update (including Dental) (Section D, ¶ 20)	15 days after the end of each quarter	Clinical Quality Management Unit (OMM)
Monthly Pregnancy Termination Report (Section D, ¶ 20)	End of the month following the pregnancy termination	Clinical Quality Management Unit (OMM)
Semi-Annual Report of number of pregnant women who are HIV/AIDS positive (Section D, ¶ 10, Maternity)	30 Days after the end of the 2 nd and 4 th Quarter of each contract year	Clinical Quality Management Unit (OMM)
Quality Improvement Project Proposal (initial/baseline year of project) (Section D, ¶ 20)	December 15	Clinical Quality Management Unit (OMM)
Quality Improvement Project Interim Report (intervention/measurement year(s) of the project) (Section D, ¶ 20)	December 15	Clinical Quality Management Unit (OMM)
Quality Improvement Project Final Report (Section D, ¶ 20)	Within 180 days of the end of the project, as defined in the project proposal approved by AHCCCS OMM	Clinical Quality Management Unit (OMM)
Non-Transplant Catastrophic Reinsurance Covered Diseases	Annually within 30 days of the beginning of the contract year, enrollment to the plan, and when newly diagnosed.	CSM Reinsurance Unit (OMM)

Apache County - GSA 44

Attachment E

Enrollment 08/01/02 - 76

Network Standards

	Springerville	St. Johns	Countywide Coverage	Facility Location
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Long Term Care

Nursing Facility				X
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HCBS Community**Must have LOI* with 1 or more Assisted Living Facilities**

Assisted Living Facilities				
Adult Foster Care				X
Assisted Living Center - Units Only				X
Assisted Living Home				X
Behavioral Health Level II				X

HCBS Home

Adult Day Health			X	
Attendant Care			X	
Emergency Alert			X	
Environmental Modifications			X	
Habilitation			X	
Home Health Care			X	
Home-Delivered Meals			X	
Homemaker			X	
Hospice			X	
Personal Care			X	
Respite Care			X	

Behavioral Health

Behavior Management			X	
Inpatient Services			X	
Emergency Care			X	
Evaluation			X	
Individual, Group, Family Counseling			X	
Medication Monitoring			X	

Acute Services

Dentist			X	
Durable Medical Equipment & Supplies			X	
Inpatient Hospital	X			
Laboratory			X	
Medical Imaging			X	
PCP Services	X	X		
Pharmacy Services	X	X		
Podiatrist			X	
Therapies			X	
Transportation			X	

- LOI – Letters of Intent or signed contract

Cochise County - GSA 46

Attachment E

Enrollment 08/01/02 - 723

Network Standards

	Benson	Bisbee	Douglas	Sierra Vista	Willcox	Countywide Coverage	Facility Location
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Long Term Care

Nursing Facility	1		1	2	1		
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HCBS Community **Must have LOI* with 10 or more Assisted Living Facilities**

Assisted Living Facilities							
Adult Foster Care							X
Assisted Living Center – Units Only							X
Assisted Living Home							X
Behavioral Health Level II							X

HCBS Home

Adult Day Health						X	
Attendant Care						X	
Emergency Alert						X	
Environmental Modifications						X	
Habilitation						X	
Home Health Care						X	
Home-Delivered Meals						X	
Homemaker						X	
Hospice						X	
Personal Care						X	
Respite Care						X	

Behavioral Health

Behavior Management						X	
Inpatient Services						X	
Emergency Care						X	
Evaluation						X	
Individual, Group, Family Counseling						X	
Medication Monitoring						X	

Acute Services

Dentist						X	
Durable Medical Equipment & Supplies						X	
Inpatient Hospital	X	X	X	X	X		
Laboratory						X	
Medical Imaging						X	
PCP Services	X	X	X	X	X		
Pharmacy Services	X	X	X	X	X		
Podiatrist						X	
Therapies						X	
Transportation						X	

*LOI – Letters of Intent or signed contract

Coconino County - GSA 44

Attachment E

Enrollment 08/01/02 - 179

Network Standards

	Flagstaff	Fredonia	Page	Sedona	Williams	Countywide Coverage	Facility Location
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Long Term Care

Nursing Facility	2			1			
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HCBS Community**Must have LOI* with 5 or more Assisted Living Facilities**

Assisted Living Facilities							
Adult Foster Care							X
Assisted Living Center – Units Only							X
Assisted Living Home							X
Behavioral Health Level II							X

HCBS Home

Adult Day Health						X	
Attendant Care						X	
Emergency Alert						X	
Environmental Modifications						X	
Habilitation						X	
Home Health Care						X	
Home-Delivered Meals						X	
Homemaker						X	
Hospice						X	
Personal Care						X	
Respite Care						X	

Behavioral Health

Behavior Management						X	
Inpatient Services						X	
Emergency Care						X	
Evaluation						X	
Individual, Group, Family Counseling						X	
Medication Monitoring						X	

Acute Services

Dentist						X	
Durable Medical Equipment & Supplies						X	
Inpatient Hospital	X		X				
Laboratory						X	
Medical Imaging						X	
PCP Services	X	X	X	X	X		
Pharmacy Services	X		X	X	X		
Podiatrist						X	
Therapies						X	
Transportation						X	

*LOI – Letters of Intent or signed contract

Gila County - GSA 40

Attachment E

Enrollment 08/01/02 - 242

Network Standards

	Globe/Miami/ Claypool	Payson	Hayden/ Winkelman	Countywide Coverage	Facility Location
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Long Term Care

Nursing Facility	2	2			
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HCBS Community**Must have LOI* with 2 or more Assisted Living Facilities**

Assisted Living Facilities					
Adult Foster Care					X
Assisted Living Center - Units Only					X
Assisted Living Home					X
Behavioral Health Level II					X

HCBS Home

Adult Day Health				X	
Attendant Care				X	
Emergency Alert				X	
Environmental Modifications				X	
Habilitation				X	
Home Health Care				X	
Home-Delivered Meals				X	
Homemaker				X	
Hospice				X	
Personal Care				X	
Respite Care				X	

Behavioral Health

Behavior Management				X	
Inpatient Services				X	
Emergency Care				X	
Evaluation				X	
Individual, Group, Family Counseling				X	
Medication Monitoring				X	

Acute Services

Dentist				X	
Durable Medical Equipment & Supplies				X	
Inpatient Hospital	X	X			
Laboratory				X	
Medical Imaging				X	
PCP Services	X	X			
Pharmacy Services	X	X	X		
Podiatrist				X	
Therapies				X	
Transportation				X	

*LOI – Letters of Intent or signed contract

Graham County - GSA 46

Attachment E

Enrollment 08/01/02 - 122

Network Standards

	Safford	Countywide Coverage	Facility Location
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Long Term Care

Nursing Facility	1		
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Must have LOI* with 3 or more Assisted Living Facilities**HCBS Community**

Assisted Living Facilities			
Adult Foster Care			X
Assisted Living Center - Units Only			X
Assisted Living Home			X
Behavioral Health Level II			X

HCBS Home

Adult Day Health		X	
Attendant Care		X	
Emergency Alert		X	
Environmental Modifications		X	
Habilitation		X	
Home Health Care		X	
Home-Delivered Meals		X	
Homemaker		X	
Hospice		X	
Personal Care		X	
Respite Care		X	

Behavioral Health

Behavior Management		X	
Inpatient Services		X	
Emergency Care		X	
Evaluation		X	
Individual, Group, Family Counseling		X	
Medication Monitoring		X	

Acute Services

Dentist		X	
Durable Medical Equipment & Supplies		X	
Inpatient Hospital	X		
Laboratory		X	
Medical Imaging		X	
PCP Services	X		
Pharmacy Services	X		
Podiatrist		X	
Therapies		X	
Transportation		X	

*LOI – Letters of Intent or signed contract

Greenlee County - GSA 46

Attachment E

Enrollment 08/01/02 - 21

Network Standards

	Clifton/Morenci	Countywide Coverage	Facility Location
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Long Term Care

Nursing Facility	Within 1 hour drive of Morenci		
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HCBS Community

Assisted Living Facilities			
Adult Foster Care			X
Assisted Living Center - Units Only			X
Assisted Living Home			X
Behavioral Health Level II			X

HCBS Home

Adult Day Health		X	
Attendant Care		X	
Emergency Alert		X	
Environmental Modifications		X	
Habilitation		X	
Home Health Care		X	
Home-Delivered Meals		X	
Homemaker		X	
Hospice		X	
Personal Care		X	
Respite Care		X	

Behavioral Health

Behavior Management		X	
Inpatient Services		X	
Emergency Care		X	
Evaluation		X	
Individual, Group, Family Counseling		X	
Medication Monitoring		X	

Acute Services

Dentist		X	
Durable Medical Equipment & Supplies		X	
Inpatient Hospital	Within 1 hour drive of Morenci		
Laboratory		X	
Medical Imaging		X	
PCP Services	X		
Pharmacy Services	X		
Podiatrist		X	
Therapies		X	
Transportation		X	

*LOI – Letters of Intent or signed contract

La Paz County - GSA 42

Attachment E

Enrollment 08/01/02 - 71

Network Standards

	Parker	Countywide Coverage	Facility Location
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Long Term Care

Nursing Facility	Within 1 hour drive of Parker		
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HCBS Community

Assisted Living Facilities			
Adult Foster Care			X
Assisted Living Center - Units Only			X
Assisted Living Home			X
Behavioral Health Level II			X

HCBS Home

Adult Day Health		X	
Attendant Care		X	
Emergency Alert		X	
Environmental Modifications		X	
Habilitation		X	
Home Health Care		X	
Home-Delivered Meals		X	
Homemaker		X	
Hospice		X	
Personal Care		X	
Respite Care		X	

Behavioral Health

Behavior Management		X	
Inpatient Services		X	
Emergency Care		X	
Evaluation		X	
Individual, Group, Family Counseling		X	
Medication Monitoring		X	

Acute Services

Dentist		X	
Durable Medical Equipment & Supplies		X	
Inpatient Hospital	X		
Laboratory		X	
Medical Imaging		X	
PCP Services	X		
Pharmacy Services	X		
Podiatrist		X	
Therapies		X	
Transportation		X	

Maricopa County – GSA 52

Attachment E

Network Standards

Part I – Institutional and Alternative Residential Settings

For purposes of this contract and the evaluation of the responses to this RFP, AHCCCS has divided Maricopa County into 10 zones (defined by zip code boundaries). The following tables list the required number of contracts for 4 key provider settings. These standards will be used in the evaluation of proposals and may further be used for ongoing monitoring.

Zone 1 – Phoenix

Zone 1 is comprised of the following zip codes:

85022, 85023, 85024, 85027, 85029, 85032, 85050, 85053, 85085, 85086, 85087, 85254, 85324, 85331

Members 08/01/02 –
1,277

Setting	Standard
Nursing Facility	4
Adult Foster Care	20
Assisted Living Center-Units Only	1
Assisted Living Home	20

Zone 2 – Phoenix

Zone 2 is comprised of the following zip codes:

85005, 85012, 85013, 85014, 85015, 85016, 85017, 85018, 85019, 85020, 85021, 85026, 85028, , 85051, 85216, 85253, 85274

Members 08/01/02 –
1,807

Setting	Standard
Nursing Facility	10
Adult Foster Care	15
Assisted Living Center-Units Only	2
Assisted Living Home	10

Zone 3 – Buckeye, Goodyear, Phoenix & Tolleson

Zone 3 is comprised of the following zip codes:

85031, 85033, 85035, 85037, 85043, 85323, 85326, 85329, 85338, 85339, 85353, 85354

Members 08/01/02 -
747

Setting	Standard
Nursing Facility	2
Adult Foster Care	16
Assisted Living Center-Units Only	0
Assisted Living Home	2

Zone 4 – Phoenix

Zone 4 is comprised of the following zip codes:

85003, 85004, 85006, 85007, 85008, 85009, 85010, 85034, 85040, 85041, 85042, 85044, 85045, 85048, 85056, 85271

Members 08/01/02 –
1,303

Setting	Standard
Nursing Facility	5
Adult Foster Care	5
Assisted Living Center-Units Only	1
Assisted Living Home	5

Zone 5 – Gila Bend, Glendale & Wickenburg

Zone 5 is comprised of the following zip codes:

85301, 85302, 85303, 85304, 85305, 85306, 85308, 85310, 85337, 85342, 85358, 85361, 85390

Members 08/01/02 –
1,312

Setting	Standard
Nursing Facility	4
Adult Foster Care	28
Assisted Living Center-Units Only	1
Assisted Living Home	12

Zone 6 – El Mirage, Peoria, Sun City, Sun City West. & Surprise

Zone 6 is comprised of the following zip codes:

85275, 85307, 85309, 85335, 85340, 85345, 85351, 85355, 85363, 85372, 85373, 85374, 85375, 85376, 85379, 85380, 85381, 85382, 85383, 85387

Members 08/01/02 -
1,339

Setting	Standard
Nursing Facility	9
Adult Foster Care	5
Assisted Living Center-Units Only	2
Assisted Living Home	9

Zone 7 – Carefree, Cave Creek, Fountain Hills & Scottsdale

Zone 7 is comprised of the following zip codes:

85250, 85251, 85255, 85257, 85258, 85259, 85260, 85262, 85268, 85327

Members 08/01/02 -
671

Setting	Standard
Nursing Facility	6
Adult Foster Care	4

Assisted Living Center-Units Only	1
Assisted Living Home	2

Zone 8 – Tempe

Zone 8 is comprised of the following zip codes:

85281, 85282, 85283, 85284

Members 08/01/02 -
334

Setting	Standard
Nursing Facility	1
Adult Foster Care	2
Assisted Living Center-Units Only	1
Assisted Living Home	2

Zone 9 – Mesa

Zone 9 is comprised of the following zip codes:

85201, 85202, 85203, 85204, 85205, 85206, 85207, 85208, 85210, 85212, 85213, 85215, 85218, 85220, 85256

Members 08/01/02 -
2,176

Setting	Standard
Nursing Facility	9
Adult Foster Care	13
Assisted Living Center-Units Only	3
Assisted Living Home	15

Zone 10 – Chandler, Gilbert, Queen Creek & Sunlakes

Zone 10 is comprised of the following zip codes:

85222, 85224, 85225, 85226, 85227, 85233, 85234, 85236, 85242, 85244, 85248, 85249, 85296, 85297

Members 08/01/02 -
622

Setting	Standard
Nursing Facility	2
Adult Foster Care	5
Assisted Living Center-Units Only	1
Assisted Living Home	8

Total for Zones 1 through 10

Members 08/01/02 –
11,588

Setting	Standard
Nursing Facility	52
Adult Foster Care	113
Assisted Living Center-Units Only	13

Assisted Living Home	85
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Part II – Acute Care, Behavioral Health and Home and Community Based Services

In addition to the standards for the 4 settings covered in Part I, Part II delineates the standards for coverage of acute care, behavioral health and home and community based services. Inpatient Hospitals, PCP Services and Pharmacy Services have city-specific requirements. Countywide coverage is required for all other covered services. Also see Section D, Paragraph 28. Network Development for further requirements.

Acute Care Services CitiesInpatient Hospitals

Metropolitan Phoenix **
Wickenburg

PCP Services

Avondale/Goodyear/Laveen
Litchfield Park/Tolleson
Buckeye
Gila Bend
Metropolitan Phoenix **
Queen Creek
Wickenburg

Pharmacy Services

Avondale/Goodyear/Laveen
Litchfield Park/Tolleson
Buckeye
Metropolitan Phoenix **
Wickenburg

**For purposes of the RFP/Contract, Metropolitan Phoenix encompasses the following:

Phoenix, Paradise Valley, Cave Creek/Carefree, Fountain Hills, Scottsdale, Glendale, Sun City/Sun City West, Tempe, Mesa, Gilbert, Chandler, Apache Junction, Peoria, El Mirage, Surprise and Youngtown. Offerors/Program Contractors are expected to contract with at least one PCP and one pharmacy in each of these cities. Additionally, within this area, standards must be met as specified in Section D: Program Requirements, Paragraph 28. Network Development.

For inpatient hospital services, Offerors/Program Contractors are expected to contract with at least one hospital in the Central District (Zones 1, 2 &4), at least one in the Northwest District (Zones 3, 5, 6 & 7) and at least one in the Southwest District (Zones 8, 9 & 10).

County-wide Coverage*

Services include but are not limited to the following:

Acute Care Services

Dentist
Durable Medical Equipment & Supplies
Laboratory
Medical Imaging
Podiatrist
Therapies
Transportation

HCBS Services

Adult Day Health Care
Attendant Care
Emergency Alert
Environmental Modifications
Habilitation
Home Health Care
Home-Delivered Meals
Homemaker
Hospice
Personal Care
Respite Care

Behavioral Health

- Behavioral Management and Psychosocial Rehabilitation
- Behavioral Health Level I II & III
- Emergency Care
- Evaluation
- Individual, Group, family Counseling
- Partial Care
- Medication Monitoring
- Respite

* See Section D. Program Requirements, Paragraph 10. Covered Services, for a complete listing of services to be provided.

Other

- Adult Developmental Home
- Child Developmental Foster Home
- Group Home for Developmentally Disabled
- Traumatic Brain Injury Facility

* See Section D. Program Requirements, Paragraph 10. Covered Services, for a complete listing of services to be provided.

Mohave County - GSA 44

Attachment E

Enrollment 08/01/02 - 717

Network Standards

	Bullhead City	Kingman	Lake Havasu City	Countywide Coverage	Facility Location
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Long Term Care

Nursing Facility	1	2	2		
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HCBS Community**Must have LOI* with 28 or more Assisted Living Facilities**

Assisted Living Facilities					
Adult Foster Care					X
Assisted Living Center – Units Only					X
Assisted Living Home					X
Behavioral Health Level II					X

HCBS Home

Adult Day Health				X	
Attendant Care				X	
Emergency Alert				X	
Environmental Modifications				X	
Habilitation				X	
Home Health Care				X	
Home-Delivered Meals				X	
Homemaker				X	
Hospice				X	
Personal Care				X	
Respite Care				X	

Behavioral Health

Behavior Management				X	
Inpatient Services				X	
Emergency Care				X	
Evaluation				X	
Individual, Group, Family Counseling				X	
Medication Monitoring				X	

Acute Services

Dentist				X	
Durable Medical Equipment & Supplies				X	
Inpatient Hospital	X	X	X		
Laboratory				X	
Medical Imaging				X	
PCP Services	X	X	X		
Pharmacy Services	X	X	X		
Podiatrist				X	
Therapies				X	
Transportation				X	

*LOI – Letters of Intent or signed contract

Navajo County - GSA 44

Attachment E

Enrollment 08/01/02 – 261

Network Standards

	Winslow	Show Low/ Pinetop/ Lakeside	Snowflake/ Taylor	Holbrook	Countywide Coverage	Facility Location
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Long Term Care

Nursing Facility	1	1				
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HCBS Community**Must have LOI* with 5 or more Assisted Living Facilities**

Assisted Living Facilities						
Adult Foster Care						X
Assisted Living Center – Units Only						X
Assisted Living Home						X
Behavioral Health Level II						X

HCBS Home

Adult Day Health					X	
Attendant Care					X	
Emergency Alert					X	
Environmental Modifications					X	
Durable Medical Equipment					X	
Home Health Care					X	
Home-Delivered Meals					X	
Homemaker					X	
Hospice					X	
Personal Care					X	
Respite Care					X	

Behavioral Health

Behavior Management					X	
Inpatient Services					X	
Emergency Care					X	
Evaluation					X	
Individual, Group, Family Counseling					X	
Medication Monitoring					X	

Acute Services

Dentist					X	
Durable Medical Equipment & Supplies					X	
Inpatient Hospital	X	X				
Laboratory					X	
Medical Imaging					X	
PCP Services	X	X	X	X		
Pharmacy Services	X	X	X	X		
Podiatrist					X	
Therapies					X	
Transportation					X	

*LOI – Letters of Intent or signed contract

Pima County – GSA 50
Enrollment 08/01/02 – 3,309

Attachment E
 Network Standards

Page A

For purposes of this contract and evaluation of the responses to this RFP, AHCCCS has divided Tucson in Pima County into 4 zones (defined by zip code boundaries). The following tables list the standard Number of Nursing Facilities and Assisted Living Facility LOI/contracts within each zone. These standards will be used in the evaluation of proposals and may further be used for ongoing network monitoring.

Tucson - Northwest Zone

The Northwest Zone is comprised of the following zip codes:
 85653, 85701, 85704, 85705, 85737, 85741, 85742, 85743, 85745

<u>Long Term Care</u>	Northwest Zone	Facility Location Within the Zone
Nursing Facility	3	X

HCBS Community **Must have LOI* with 16 or more Assisted Living Facilities**

Assisted Living Facilities		
Adult Foster Care		X
Assisted Living Center – Units Only		X
Assisted Living Home		X
Behavioral Health Level II		X

Tucson - Southwest Zone

The Southwest Zone is comprised of the following zip codes: (Includes Green Valley)
 85614, 85713, 85714, 85735, 85736, 85746

<u>Long Term Care</u>	Southwest Zone	Facility Location Within the Zone
Nursing Facility	2	X

HCBS Community **Must have LOI* with 10 or more Assisted Living Facilities**

Assisted Living Facilities		
Adult Foster Care		X
Assisted Living Center – Units Only		X
Assisted Living Home		X
Behavioral Health Level II		X

NOTE: Network Standards have been established based on the potential awarding of two contracts for Pima County. In the event one contract is awarded, Network Standards for Nursing Facilities and Assisted Living Facilities will be increased.

*LOI – Letters of Intent or signed contract

Pima County - GSA 50

Enrollment

Attachment E

Network Standards

Page B

For purposes of this contract and evaluation of the responses to this RFP, AHCCCS has divided Tucson in Pima County into 4 zones (defined by zip code boundaries). The following tables list the standard Number of Nursing Facilities and Assisted Living Facility LOI/contracts within each zone. These standards will be used in the evaluation of proposals and may further be used for ongoing network monitoring.

Tucson - Northeast Zone

The Northeast Zone is comprised of the following zip codes:
85619, 85712, 85715, 85716, 85718, 85719, 85721, 85739, 85749, 85750

<u>Long Term Care</u>	Northeast Zone	Facility Location Within the Zone
Nursing Facility	8	X

HCBS Community Must have LOI* with 14 or more Assisted Living Facilities

Assisted Living Facilities		
Adult Foster Care		X
Assisted Living Center – Units Only		X
Assisted Living Home		X
Behavioral Health Level II		X

Tucson - Southeast Zone

The Southeast Zone is comprised of the following zip codes: (Includes Sahuarita)
85629, 85706, 85708, 85710, 85711, 85730, 85747, 85748

<u>Long Term Care</u>	Southeast Zone	Facility Location Within the Zone
Nursing Facility	1	X

HCBS Community Must have LOI* with 37 or more Assisted Living Facilities

Assisted Living Facilities		
Adult Foster Care		X
Assisted Living Center – Units Only		X
Assisted Living Home		X
Behavioral Health Level II		X

NOTE: Network Standards have been established based on the potential awarding of two contracts for Pima County. In the event one contract is awarded, Network Standards for Nursing Facilities and Assisted Living Facilities will be increased.

*LOI – Letters of Intent or signed contract

Pima County - GSA 50

Attachment E
Network Standards

Page C

HCBS Home	Tucson	Green Valley	Countywide Coverage	Facility Location
Adult Day Health			X	
Attendant Care			X	
Emergency Alert			X	
Environmental Modifications			X	
Habilitation			X	
Home Health Care			X	
Home-Delivered Meals			X	
Homemaker			X	
Hospice			X	
Personal Care			X	
Respite Care			X	

Behavioral Health

Behavior Management			X	
Inpatient Services			X	
Emergency Care			X	
Evaluation			X	
Individual, Group, Family Counseling			X	
Medication Monitoring			X	

Acute Services

Dentist			X	
Durable Medical Equipment & Supplies			X	
Inpatient Hospital	X			
Laboratory			X	
Medical Imaging			X	
PCP Services	X	X		
Pharmacy Services	X	X		
Podiatrist			X	
Therapies			X	
Transportation			X	

NOTE: Network Standards have been established based on the potential awarding of two contracts for Pima County. In the event one contract is awarded, Network Standards for Nursing Facilities and Assisted Living Facilities will be increased.

*LOI – Letters of Intent or signed contract

Pinal County - GSA 40

Attachment E

Enrollment 08/01/02 - 767

Network Standards

	Apache Junction	Casa Grande	Coolidge	Eloy	Florence	Kearney	Mammoth/San Man./Oracle	County-wide Coverage	Facility Location
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Long Term Care

Nursing Facility	*1 – A.J. **3 – E. V.	1					2 - Tucson		
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HCBS Community Must have LOI* with 13 or more Assisted Living Facilities**

Assisted Living Facilities									
Adult Foster Care									X
Assisted Living Center - Units Only									X
Assisted Living Home									X
Behavioral Health Level II									X

HCBS Home

Adult Day Health								X	
Attendant Care								X	
Emergency Alert								X	
Environmental Modifications								X	
Habilitation								X	
Home Health Care								X	
Home-Delivered Meals								X	
Homemaker								X	
Hospice								X	
Personal Care								X	
Respite Care								X	

Behavioral Health

Behavior Management								X	
Inpatient Services								X	
Emergency Care								X	
Evaluation								X	
Individual, Group, Family Counseling								X	
Medication Monitoring								X	

Acute Services

Dentist								X	
DME & Supplies								X	
Inpatient Hospital		X							
Laboratory								X	
Medical Imaging								X	
PCP Services	X	X	X	X	X	X	X		
Pharmacy Services	X	X	X		X	X	X		
Podiatrist								X	
Therapies								X	
Transportation								X	

*1 – Apache Junction; **3 – East Valley, Maricopa County; *** LOI – Letters of Intent or signed contract

Santa Cruz County - 50

Attachment E

Enrollment 08/01/02 - 217

Network Standards

	Nogales	Countywide Coverage	Facility Location
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Long Term Care

Nursing Facility	1		
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HCBS Community**Must have LOI* with 2 or more Assisted Living Facilities**

Assisted Living Facilities			
Adult Foster Care			X
Assisted Living Center - Units Only			X
Assisted Living Home			X
Behavioral Health Level II			X

HCBS Home

Adult Day Health		X	
Attendant Care		X	
Emergency Alert		X	
Environmental Modifications		X	
Habilitation		X	
Home Health Care		X	
Home-Delivered Meals		X	
Homemaker		X	
Hospice		X	
Personal Care		X	
Respite Care		X	

Behavioral Health

Behavior Management		X	
Inpatient Services		X	
Emergency Care		X	
Evaluation		X	
Individual, Group, Family Counseling		X	
Medication Monitoring		X	

Acute Services

Dentist		X	
Durable Medical Equipment & Supplies		X	
Inpatient Hospital	X		
Laboratory		X	
Medical Imaging		X	
PCP Services	X		
Pharmacy Services	X		
Podiatrist		X	
Therapies		X	
Transportation		X	

*LOI – Letters of Intent or signed contract

Yavapai County - GSA 48

Attachment E

Enrollment 08/01/02 – 1,038

Network Standards

	Cottonwood	Prescott	Camp Verde	Sedona	Prescott Valley	Countywide Coverage	Facility Location
Long Term Care							
Nursing Facility	1	3	1	1	1		
HCBS Community Must have LOI* with 20 or more Assisted Living Facilities							
Assisted Living Facilities							
Adult Foster Care							X
Assisted Living Center – Units Only							X
Assisted Living Home							X
Behavioral Health Level II							X
HCBS Home							
Adult Day Health						X	
Attendant Care						X	
Emergency Alert						X	
Environmental Modifications						X	
Habilitation						X	
Home Health Care						X	
Home-Delivered Meals						X	
Homemaker						X	
Hospice						X	
Personal Care						X	
Respite Care						X	
Behavioral Health							
Behavior Management						X	
Inpatient Services						X	
Emergency Care						X	
Evaluation						X	
Individual, Group, Family Counseling						X	
Medication Monitoring						X	
Acute Services							
Dentist						X	
Durable Medical Equipment & Supplies						X	
Inpatient Hospital	X	X					
Laboratory						X	
Medical Imaging						X	
PCP Services	X	X	X	X	X		
Pharmacy Services	X	X	X	X	X		
Podiatrist						X	
Therapies						X	
Transportation						X	

*LOI – Letters of Intent or signed contract

Yuma County - GSA 42
 Enrollment 08/01/02 – 547

Attachment E
 Network Standards

	Yuma	Countywide Coverage	Facility Location
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Long Term Care

Nursing Facility	4		
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HCBS Community

Must have LOI* with 9 or more Assisted Living Facilities

Assisted Living Facilities			
Adult Foster Care			X
Assisted Living Center - Units Only			X
Assisted Living Home			X
Behavioral Health Level II			X

HCBS Home

Adult Day Health		X	
Attendant Care		X	
Emergency Alert		X	
Environmental Modifications		X	
Habilitation		X	
Home Health Care		X	
Home-Delivered Meals		X	
Homemaker		X	
Hospice		X	
Personal Care		X	
Respite Care		X	

Behavioral Health

Behavior Management		X	
Inpatient Services		X	
Emergency Care		X	
Evaluation		X	
Individual, Group, Family Counseling		X	
Medication Monitoring		X	

Acute Services

Dentist		X	
Durable Medical Equipment & Supplies		X	
Inpatient Hospital	X		
Laboratory		X	
Medical Imaging		X	
PCP Services	X		
Pharmacy Services	X		
Podiatrist		X	
Therapies		X	
Transportation		X	

*LOI – Letters of Intent or signed contract